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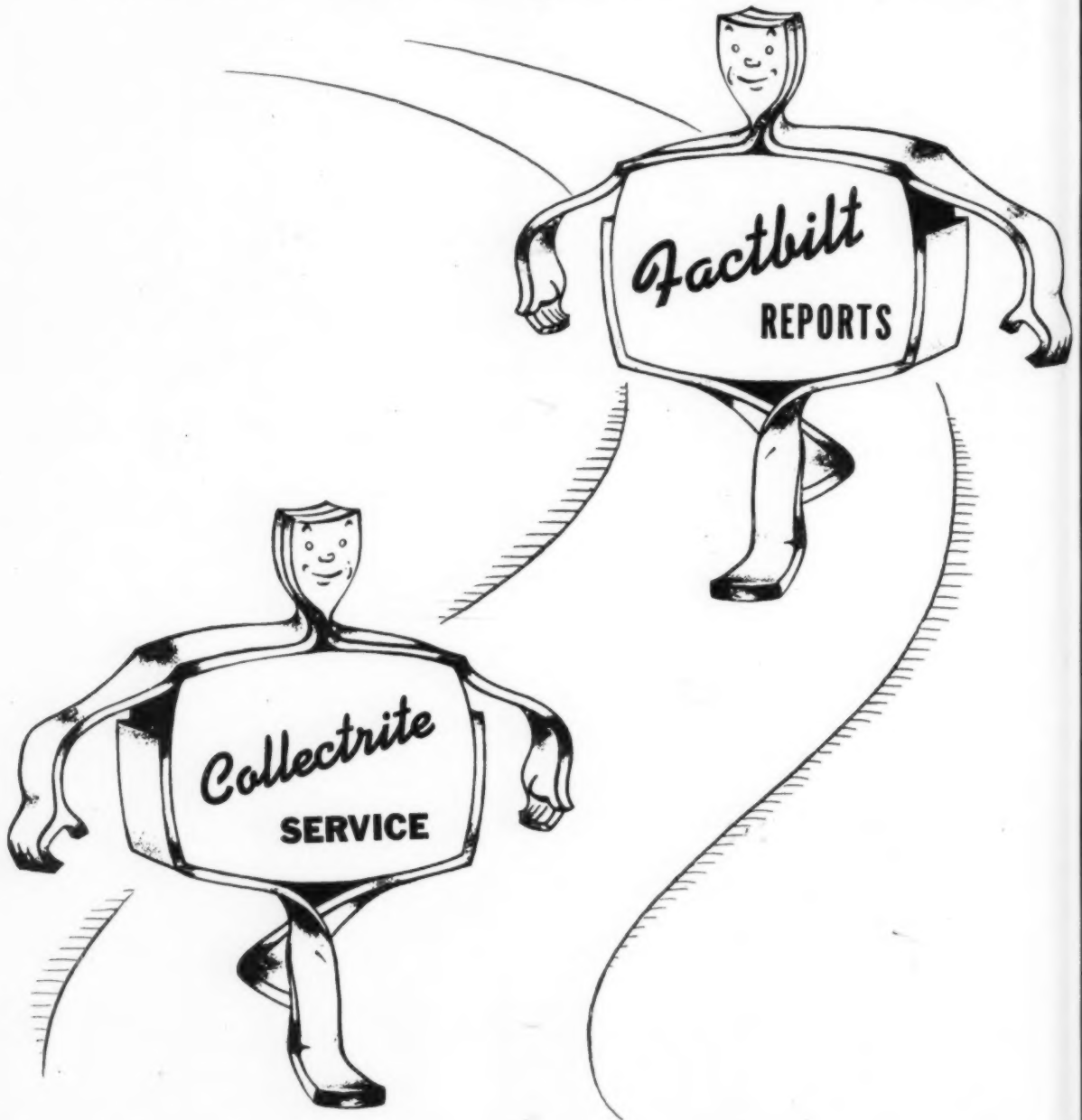
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CREDIT WORLD

JUNE 1948

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The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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In This Issue

Seven Feature Articles

	PAGE
"Skips" and Their Handling	4
C. LeRoy Trayer	
Organization of The Credit Department—Interdepartmental Relations	8
Clyde C. Kortz	
Are Your Accounts Well Opened?	11
Bernard Eyges	
Protection and Adjustment—Our Friends	12
Joseph P. Searing	
Good Customer Relations—Declining an Account	13
W. C. Goodman	
The Credit Bureau As an Aid to Profitable Credit Selling	14
Department of Commerce	
The Importance of the Credit Manager	15
Mrs. Lucille Carr	

Five Other Highlights

Credit Bureau Musts	9
Dallas Does It (Barbara Culver)	16
Credit Flashes	18
The Book Shelf	19
Credit Sales in Men's Wear Stores	20

Eight Departments

Credit Department Letters	W. H. Butterfield	22
Business Conditions and Outlook	LaSalle Extension	24
Local Association Activities	Contributed	25
Collection Scoreboard	Research Division	26
Monthly Credit Statistics	Federal Reserve Board	27
Granting Credit in Canada	C. B. Flemington	28
In the News	Selected	31
Editorial Comment	L. S. Crowder	32



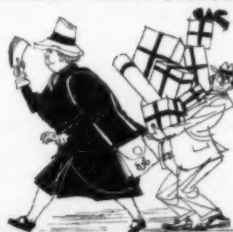
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“Skips”

And Their Handling

C. LeRoy Trayer

Operating Manager, Universal C.I.T. Corp.
Easton, Pennsylvania

IN ANY CONSIDERATION of the problem of skips, we are necessarily thrown into a collection procedure of advanced nature and presented with complications requiring intelligence, imagination, and above all, experience. A warning preliminary note, however, should be injected into any discussion or consideration of the problem so that we can fully appreciate just what part the skip situation plays in an over-all collection picture. Do not lose sight of the fact that skips, and I do not mean the routine change of address where ordinarily good customers, for one reason or another, fail to notify their creditors, but the real conversion accounts, represent an extremely small portion of actually past due accounts. With this in mind, skips must be given attention only in proportion to the place they occupy in the over-all collection picture, if we are to prevent an excess loss of time and money spent in comparison with the results achieved. For that reason, the effort expended on skips must be direct and conclusive with a minimum of lost motion. Even a good collection man can lose sight of the forest for the trees if he becomes too deeply enmeshed in a single skip problem and, thereby, neglects the work to be done in routine, but necessary collection procedures on other accounts.

Our files are full of stories of adjusters chasing skips hundreds of miles, from one city to another, often acting on their own authority and on the assumption that the skip was the major problem. In many such cases, the skip was recovered in some other way and time spent by an overzealous collection man wasted. I am reminded of the energetic collector of whom it is said that every time he picked up a skip trail he became a skip himself until the account was paid in full. The handling and locating of skips sometimes presents both interesting and fascinating problems but they should not become the major portion of collection procedure.

The interesting angle of handling skips is illustrated by a story told in connection with one of our accounts. In our Des Moines, Iowa, branch, a skip developed when a purchaser owed only four \$20.00 payments on his automobile. Since the contract was so near being liquidated, it was naturally assumed that the location of the customer would be a relatively easy job. All preliminary steps were taken without result. Investigations produced nothing, credit reports did not help, local authorities con-

tributed nothing, registered mail retrievers got no response, and finally, after several months, the branch, completely frustrated, charged off the account. The Legal Salvage Department, in the home office, investigated further and eventually they, too, gave up. The customer had dropped out of sight. An automobile listing ring circularized nationally to all branch offices brought no response, and the case became a dead issue.

More than a year later, the Des Moines branch received a letter from the missing customer enclosing a money order from Canada for the balance of his account. The letter stated he had had financial difficulties and appreciated our cooperation in not bothering him when he was in trouble, and that we could be assured the next car he purchased would be financed through our company.

All skips, however, do not have such a happy ending. In order to better approach the problem of skips, we should divide them into two distinct categories. First, is the deliberate bill evader who willfully and purposely throw collection men off their track. This is the dangerous type, but should seldom be found in any normal company's portfolio, because usually he has left a record of such activity before applying for new credit, and sound credit judgment will spot the deliberate skip before he has a chance to go on your books. The second type of skip is easier to handle and more prevalent because he can be classified as the chronically irresponsible person. For that reason, his trail is easy to follow and, barring just complete inability to pay, or because there is nothing to repossess, such an account can generally be brought to a satisfactory conclusion.

Need of Complete Credit Report

The handling of both these types of skips is basically the same, but before treating with actual handling, the best way of minimizing skip problems is by following the old adage, "An ounce of prevention is worth a pound of cure." The credit operation which permits an unusually high percentage of skips needs a close examination of its credit policy. *No amount of expert collection handling can take the place of a complete and accurate customer credit report as well as the necessary investigation on which to base intelligent credit decision.* Careless handling in any credit department is unforgivable because a great percentage of skip hazards are almost immediately recognizable. Much good material has been prepared on such recognition. Certain occupational hazards have been placed high on the list of skip risks. Most itinerants fall in this category, such as itinerant

photographers, magazine salesmen, construction laborers, gypsies, itinerant farm hands, theatrical people, and hosts of others easily recognizable from their profession.

A sound administration of credit policy, with particular emphasis on these hazards, can go far in making skips a matter of discussion rather than serious loss. Any credit policy, however, will fall short of spotting all cases. Volume credit operators know how credit pressure will sometimes involve the acceptance of risks where known hazards exist. Since that is the case, and will continue to be the case, skips must be realistically treated.

I have already mentioned experience as a prerequisite of skip handling, and I cannot place too much emphasis on this phase of the problem. Time and again, we have seen skips mishandled to the point of resulting in losses when repossession and liquidation could have been effected with experienced handling. Not long ago, a new man was assigned to a difficult skip account. The customer was an itinerant magazine salesman, a typical troublesome account. Following leads in a city where conventions were numerous, the new man located the customer and the car. Quantities of magazines were stacked in the back of it, and the license plate on the car was the right state. Naively, the collection man approached the customer and asked if he was Mr. X. The skip suspected what was up, and answered negatively and added that he was a visiting Rotarian. The inexperienced collection man assumed he had spotted the wrong car, and the customer disappeared. If he was ever located after that, additional time and money spent to do so certainly emphasized the costliness of inexperience.

On the other hand, here is the example of a collection man whose experience solved a skip problem quickly and conclusively. A customer had slipped away from a number of our branch offices. We received a lead as to what date he was expected at a certain hotel, so the collection man promptly made friends with the hotel clerk. The clerk agreed to identify the customer by signalling when he registered. As expected, the skip arrived, the sign was given, but our man did not make himself known. He followed the customer who made a number of local contacts without going near the automobile for which we were looking. Toward the end of the day the collection man was rewarded by seeing the skip go to the car, which was parked far from the hotel, obviously, to divert repossession efforts. Having been chased around for several hours, the collection man was in no mood to accept excuses and we recovered our collateral.

Delays Are Costly in Handling Skips

Of paramount importance in handling a skip is to recognize it quickly as delay can be costly, and fast handling can prevent many a troublesome situation later. Important, therefore, is the question, "When can we label an account a skip?" To answer this question, there are many signals of which a smart collection man will be aware:

1. A customer changing his address without notification when his account is already in default is a reason for serious concern and yet, this danger signal is often passed without notice.

2. Too often, an adjuster or collection man is confronted with a past-due account, collects a payment or two, and is so interested in the fact that he has brought the account to date that he ignores the obvious conclusion that the success of the collection indicated the customer simply paid because he was caught, only to give himself an opportunity to get away. Often, typical of the deliberate skip, is a payment or two made in advance in order to throw a creditor completely off guard while the customer leaves for parts unknown.

3. An account labeled at the time of purchase as being potentially a skip hazard is another danger signal that cannot be ignored by the collection department. Any default on such an account should be treated immediately.

4. Collection men, when inspecting the file on a past-due account, should be especially careful of those customers who created their obligation just after moving into a new trading area. Unless there is a well-defined stability, there is nothing to prevent the customer from moving out as fast as he moved in.

5. A significant, although smaller, indication of skip trouble is the customer who requests a balance due or statement of his account and either purposely or inadvertently gives out the information that he is either planning to move or taking a job elsewhere or gives the indication in many little ways that to locate him might be difficult within a matter of weeks or days.

6. Careless clerical help taking such information without passing it along to the collection department can contribute to the development of a skip.

7. The frequent request for a pay-out without ever paying out seems to be typical of a certain type of person who means well but who never quite settles up and eventually leaves. In the case of an automobile account, he generally takes the collateral with him.

8. Not infrequently, skips develop as a result of marital difficulties and these events, to a wide-awake collection man, cast their shadows before, and

9. Quite often, over-buying presages a skip problem and in the same general category, collection departments should be notified promptly when an active account has been refused credit, for that is another potentially troublesome customer. He had reached the limit of his credit possibilities and, having done so, may easily decide the grass is greener somewhere else.

Recognition, therefore, of a skip, is next to actually stopping a skip problem in the credit department is the best way of preventing skips from developing. When a collection department, however, discovers that a skip has occurred, the action taken should be direct, fast, conclusive and intelligent, for again, the time spent must bear direct relationship to the amount of potential loss involved.

A skip investigation has two springboards. One is outside investigation and the other, inside investigation and handling. Activities of both must be closely coordinated to get maximum results. On the inside, the credit file must be carefully scrutinized, which includes checking former residences, business addresses, age, antecedents, relatives, and friends. All references should be rechecked immediately.

The registered mail retriever should be brought into play without delay. A retriever letter can take a num-

ber of different forms, depending on the peculiarities of the skip. The simplest form is a sharp registered mail letter, receipt requested. A real retriever, however, is a registered mail letter, return receipt requested, in an envelope with a fictitious return address. People's curiosity is unpredictable, and often works to the advantage of a creditor. A fictitious letter, for example, purporting to come from an estate looking for heirs can sometimes trap a skip into revealing his address in the hope of getting an unexpected windfall. All is fair in love and war and the handling of skips, as long as the creditor is careful to stay within the strict letter of the law. No subterfuge is too drastic in order to locate an individual who has converted property deliberately or otherwise.

Long distance telephone tracing is another productive method. Typical is the story of the skip whose trail had been completely lost. The only lead came through a disgruntled relative who said he thought the customer had taken a job with a certain national sales concern although he didn't know where. Investigation disclosed that the home office of this particular sales concern was in Chicago and the collection man placed a person to person collect call for the customer at the home office. After much difficulty, the long distance operator developed the fact that the customer actually was employed by that concern but he was traveling and was expected the following day in Montreal, Canada. On the next day, the collection man replaced the call to Montreal, again collect, and, after several attempts, the long distance operator located the customer, who refused the call.

In a matter of minutes, our collection man had the Montreal Office of Canadian Acceptance Corporation on the telephone and within the hour, the automobile was repossessed. In a case, such as this, the long and tedious process of tracing by mail, even if eventually successful, which is unlikely, would not compare with results achieved for a nominal expense via telephone.

The local credit bureau should be checked immediately and any information the creditor has, given to the bureau, not only for the help they might be in locating the customer, but also as a warning against other credit extension. This cooperative effort with other companies through the credit bureau can and has been helpful in prompt location of skips because a properly functioning bureau with a skip card on file should notify the company reporting the skip immediately if they have any subsequent credit inquiries on the customer.

Business or occupation must be checked closely. Itinerant craftsmen, for example, will continue to ply their trade in all probability and one of the best ways of locating itinerant workers is to follow the movement of the particular type of labor in which he was engaged.

An expanding circle of contacts starting with neighbors and moving to the local grocer, butcher, milkman, filling station, union labor halls, mail man, utility service men, garages, and, last but not least, local bars will contribute to the over-all information report essential to locating the skip without much delay.

When both the outside and inside reports are concluded, the results should disclose some definite leads. This coordinated report on any skip should follow a pattern somewhat as follows:

1. Address information:
 - a. Residence—Previous and latest
 - b. Business—Previous and latest
2. Personal information:
 - a. Age
 - b. Description
 - c. Height
 - d. Weight
 - e. Coloring
 - f. Physical peculiarities
3. Antecedents:
 - a. Relatives
 - b. Friends
 - c. Present connections
 - d. Previous connections
 - e. References
 - f. Current accounts
 - g. Condition of other creditors' accounts
4. Credit bureau information.
5. Occupation or business history:
 - a. Present
 - b. Former
 - c. Any changes
 - d. Business associates
 - e. Occupational movement—
6. Collateral information:
 - a. If an automobile, where and when it was last seen. This should include contact with the selling dealer.
 - b. When the car was last serviced; any bills owing for service.
 - c. Interview with the salesman
 - d. Disposition of collateral
 - e. Transfer or sale.
7. Domestic relations:
 - a. Any reported trouble
 - b. Contact with wife's parents and other in-laws. (Disgruntled in-laws can sometimes be extremely helpful)
8. Associations:
 - a. Hangouts
 - b. Lodges
 - c. Union Halls
 - d. Taprooms
 - e. Local tradesmen
9. Personal and family records:
 - a. Insurance investigation (Life, Fire, and Automobile)
 - b. School records for the transfer of children
 - c. Tax collectors
 - d. Police records
 - e. Telephone records
 - f. Vital statistics
10. General information:
 - a. Any military connections with serial numbers if available
 - b. Girl friends
 - c. Habits
 - d. Miscellaneous data

Possibilities of Location and Collection

With a complete report carefully investigated, the controlling collection man should be in a position to give a fairly good opinion of the possibilities of location and recovery. From that point, the account, depending upon its size and importance, should either be directed, as we do to our Legal Salvage Department, or to a similar department specializing in that work, or treated immediately as an unrecoverable claim and charged off as a bad debt. We are fortunate in having a national organization which can support a central clearing department for handling skip cases, but such a department would be valueless without the accurate and careful development of the information outlined.

Our particular procedure requires the comprehensive report in much the manner indicated and we have found it true that often, before the report is prepared, the information developed in its preparation has led to the location of a skip and the case closed. *Therefore, any credit organization following substantially the same procedure can achieve excellent results in the handling of skips.* ★★★

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Organization of The Credit Department— Interdepartmental Relations

Clyde C. Kortz

Credit Manager, The Higbee Co., Cleveland, Ohio

THE ORGANIZATION of a credit department and its relation with the rest of a business, are designed and developed along natural lines of effort toward achieving in fullest and best measure, pleasantly and conveniently to all concerned, the benefits that the uses of retail credit afford.

We shall review retail credit's place in our social and business economy, the avenues through which its contributions are made, and some of the detail of its workings. Our good sense of requirement will give us insight into the method needed in the operation of a retail credit program.

Retail credit's place in our economy is to create expanding distribution of commodities to consumers. It gives people the opportunity to immediately benefit from more and better selections of merchandise. This additional use and consumption creates greater volume of production, lower relative prices and higher total wages. Retail credit usage has ample virtues through which both givers and receivers of credit benefit.

The credit department is responsible both to the community and business. Continuous and prompt service to the ever increasing patrons is desired, besides maintenance of proper expense ratios, therefore, conserving the assets of the firm. It should enhance the firm's already good name in the community. Greater ease in creating and handling transactions and permissible additional services will help to accomplish this.

From the customer's view point, retail credit gives:

1. Immediate possession and use,
2. Earlier replacements,
3. Ability to take full advantage of special values,
4. Impromptu buying privileges,
5. Greater elasticity as to grade and price,
6. Improved buying services and better merchandise,
7. Facilitates shopping by mail or phone,
8. Wider selections from larger stocks,
9. Facilitates delivery of merchandise,
10. Elimination of carrying various sums of money,
11. Monthly listings of all purchases,
12. One payment covers whole month's group of items,
13. Establishes responsibility and desirability,
14. Facilitates merchandise returns and adjustments,
15. Thus, purchases made on credit are insured as to value, because opportunity is provided to test them before making payment. Nothing could be more inherently fair to a buyer.

Retail credit gives the merchant:

1. Greater sales volume through opportunities to sell more of each item, additional items, and to sell-up.

2. Reduced cost of percentage-wise operations.
3. Enhanced discount earnings.
4. Reduced delivery expenses through the elimination of many attempted deliveries.
5. Improved prestige in the community and in buying markets.
6. Greatly leveled peaks and valleys in selling throughout the week and month, providing a better store service through more experienced sales people, and reduced selling expense.
7. Charge account files which provide a most dependable record of many of the firm's customers, both geographically and by financial brackets, from which record can be ascertained how the business is building or slipping, as a whole or by department, and from which can also be better directed, special efforts toward capturing or recapturing business.

Charge accounts are in these many ways, mutually valuable assets to individual customers, to the merchants, and to the general welfare.

The credit department will operate and develop control of:

Policies—(types of credit to be offered, payment terms, flexibility, collection programs, and the immediate and prospective credit business volume).

Place and Space Available

Place and Space—(availability, type of business, relative locations of bookkeeping department and charge account cashiers, charge business volume, methods of procedure, and the charge sales authorization system that is being adopted).

Furnishings—(effected by type and class of business and its clientele and available space and operating procedure).

Procedure—(customer reception, taking of applications, processing and investigating applications, establishment of account files, acknowledgments to customers as accounts are established, current recordings of necessary information, filing, authorization program, the regular reviewing of all accounts as to their being overlimit, past due or inactive. Collections and signaling of certain accounts for follow-up. Programs for reflecting the department's working position and progress with respect to overall procedure, programs to reflect position and progress of accounts individually, by groups, and in total, programs for the development of accounts in volume, and general reports for the departments guidance by management and by general management).

Equipment—(desks, chairs, stationery, account record housings, consistent with serving customers promptly and well and providing completeness, ready availability, and

general working facility; communication facilities, particularly those in connection with the handling of charge-take purchases; matters of lighting and noise).

Forms—(sales and credit slips, charge account applications and contracts for regular and budget plan accounts, miscellaneous form letters for use in welcoming new accounts or inducing collection, change of address and change of name slips, adjustments, authorizers requests for information from sales floors, to stop or release packages that are to be delivered, transfers, and quite a number of other purposes).

Personnel—(in a large credit department, a general department manager, assistant credit managers, clerks, one or two receptionists, new account clerks, authorizers, bill adjusters, rating exchange clerks, file clerks, and a few supernumeraries for balance.

The working setup of a credit department can be basically functional or divisional. The functional plan, which is by far most widely used, assigns fewer operational functions per person, on the theory of a higher degree of specialization being attained. The main responsibility of one group of personnel is to take applications for accounts. Because of the irregular flow of such visitations by customers throughout the day, these interviewers are assigned secondary duties. Another group of personnel has as its main responsibility investigation of applications and the establishment of account files. Still another group is responsible for going over accounts, for designation of letters, phone calls, or other attentions. A stenographic section and other necessary groups are formed in this functional-plan. The two main functions of a department so organized are the credit and collection activities. On this general plan of operating, assistant managers supervise functionally too.

Advantages of Divisional Plan

The divisional plan is operated along the lines of dividing all accounts alphabetically into two or more approximately equal units. Each division is assigned to an assistant manager who handles all credit and collection activities pertaining to the accounts in that alphabetical division, just as would be the case if he were in charge of a smaller credit office. Each division is divided into sections, and each is assigned to a credit clerk on the same general basis of operations and responsibility, as are the divisions to the divisional credit managers. Credit clerks do whatever is necessary in connection with their block of accounts, keeping in mind that their divisional manager is on hand to lend aid.

The divisional plan may have certain functional operations too, such as in connection with reception, new account investigation, and filing, promotional efforts, etc. It is sometimes thought that the broader range of an individual's credit activities as under the divisional plan setup:

1. lends attractiveness to the work through a more interesting and less fatiguing day,
2. provides a wider experience, thus a fuller credit schooling,
3. provides a clearly defined discrimination of work quotas and responsibilities,
4. permits more prompt and better service to customers, and

(Turn to "Credit Department," page 10.)

Credit Bureau Musts

1. Upon completing application for credit, obtain complete report from your Credit Bureau.
2. The necessary data should be furnished to the Bureau, such as:
 - A. First name and second initial of applicant for credit and if married, first name of wife or husband.
 - B. Residence address for past three to five years.
 - C. Position and place of employment for past three years.
 - D. Trade references.
 - E. Bank account and whether checking or savings.
 - F. Whether monthly charge or instalment account.
3. Rush reports should be requested only when absolutely necessary. An unusual number of such requests will seriously affect the service of the Credit Bureau and increase its operating costs.
4. Requests from the Bureau for credit information should be handled with dispatch, to insure:
 - A. Prompt service to inquiring member, and,
 - B. Courtesy to the customer referring to you.
5. Report to the Bureau all slow and unsatisfactory accounts, excess returners of merchandise and customers inclined to overbuy.
6. Charge accounts of customers inactive for more than one year should be checked through the Bureau, to ascertain current credit standing.
7. Look upon your Bureau as you would a key executive and an important department of your business, essential to the successful extension of credit.
8. Cooperate with the Bureau to:
 - A. Improve credit conditions in your community, and,
 - B. Consider it your responsibility to contribute to the success of the Bureau in all its activities.
9. Use your Credit Bureau freely, with the knowledge that money expended for reliable credit reports enables you to extend credit safely and is an investment and not an expense.
10. In an effort to effect savings, do not communicate with references direct. Such information is, as a rule, only partially complete and in the long run, much more costly than the purchase of credit reports on all applicants.



5. provides a natural program for comparisons and control.

In some larger stores the bookkeeping of customers' accounts is a separate responsibility from that of credit management. This is, for the most part, true of bill adjustment work, too.

Credit department detail can be divided into parts, such as:

new accounts,	collection,
current credit granting,	adjustments and corrections,
bookkeeping,	promotional, and
overlimits,	controls.

Charts and controls are importantly helpful. It is always good to have your bearings with respect to the department's relation to its planned general program. Some credit work can be definitely scheduled while other parts have to be treated in general. The regular reviewing of all accounts can be scheduled, as can the first, second and third collection steps; whereas the taking of applications for new accounts, replying to incoming letters and telephone calls are items that have to be assimilated daily.

A department chart can be drawn up with scheduled key operations, then broken down alphabetically into divisions. The operations performed daily can be noted thereon, how each operation progressed in its own capacity. Divisional sheets received from department heads each day will construct the daily progress on the chart. Similar charts can be used in connection with bill adjustment, authorization, and new account investigation.

The number of new charge customers that are attracted to a store are of notable interest and importance, and daily and periodic records of these should be kept according to the number of regular or 30 day accounts opened, and budget accounts, which can be divided into

those for durable or perishable merchandise. A business should know if its charge accounts are kept currently active, with what frequency they are used, and to what dollar transaction volume.

Comparisons month by month and year by year are enlightening. It is to the advantage of a merchant and his credit manager to observe estimates of investment in outstanding and the rate of its turnover, from the viewpoint of adequate financing, based on past and present experience.

Turnover or rate of collection is important. Charts reflecting the position or age of outstanding accounts individually, by parts of sections, by sections, by divisions, and by total department can be established. Such charts, when used with respective monthly collection per cents, tell a guiding story. The use of these two controls marks those spots where results are not being maintained on the desired level.

The aging chart shows what portion of accounts due from customers are 30, 60, 90 or more days old, according to the number and designations of such brackets you may care to work to.

Month and Year Charts Helpful

Prior month and year charts are helpful in estimating trends. Much of a credit department's control structure can be built on facts that are readily available from years past. It is a definite advantage to general management to keep well informed. The administration of a large retailing business will be based on finance, merchandise, and service. Their activities have strong inter-divisional bearing, and while the credit department heads up to finance, its policies and programs compliment the programs of the others. There is full cooperation when reports are made, studied and discussed by these three divisions.

Types of credit offered by a store should thoroughly embrace the needs of each department, and terms of credit should be competitive to those offered by other stores of similar standing. Prompt service should be provided in the credit office in the authorization of charges, handling of bank checks, and various questions and matters that arise throughout the day from all of the selling areas. The advertising department must be kept well informed on all matters.

The credit department is closely associated with personal affairs of many employees through credit arrangements they undertake. Employees should have the benefits of credit usage that are available to other good customers. The good handling and understanding of credit problems of employees are constructive personnel-wise.

Customers often come to the credit department regarding unpaid balances, matters unsatisfactory to them regarding merchandise or service, and other matters. These avenues enable the credit department to be helpful all around. The real quality of a credit department's organization, relations, and good results depend principally on personnel. Good, interested, and willing personnel can make even an ordinary program click. ★★★

CREDIT WORLD Files

WE NOW HAVE available a handy, attractive cardboard file container resembling buckram in which you may conveniently store your copies of **The CREDIT WORLD**. Each file will hold 24 issues (2 years) and may be kept on your desk or in your bookcase for ready reference. The title is clearly printed on the backbone of the file in pleasing blue ink. Year labels from 1941 through 1950 furnished with each file. A reader's index of selected articles is printed on the back for your convenience.

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NATIONAL RETAIL CREDIT ASSOCIATION
Shell Building St. Louis 3, Mo.

Are Your Accounts Well Opened?

Bernard Eyges, Credit Manager, Leopold Morse Co., Boston, Mass.

AN ACCOUNT well opened is half collected at the start, is so vivid that the very mention of it serves to convey a mental picture, comparable to some of the popular slogans we see and hear every day. Yet, it is natural sometimes to become smug and complacent. Perhaps general conditions are good, unemployment is at a new low mark, there are plenty of dollars around, and collections have been heavy.

It is time to appraise ourselves. Say, "I want every account to be so well opened, that when the customer leaves, I can really see just where and how I will get my money, if the customer fails to pay."

The extension of credit is a privilege, not a right, and in the extension of this privilege the burden of proof is on the customer to show that he or she is entitled to it. It is an affirmative burden and the customer must show by a preponderance of facts that the credit granting in that case is advisable. We have some new customers who will not divulge vital information. Get the information by using every possible channel, because we never can guarantee who will or will not pay. Credit managers are not fortunetellers, soothsayers, or magicians. There is no magic formula for the successful collection of an account.

Go into the battle of credit extension armed with real facts. Look back to some P. & L. accounts, the ones never collected; it is too late to wish for an adequate application, more references, a better financial picture, or sundry other features. Do not wish the account had been well opened from the start.

To adopt a strict, liberal, or any kind of collection policy depends on local conditions. Bear in mind the type of business and amount of losses you can stand. Have enough information on the application in case the customer becomes reluctant, skips, or in any other way does not pay. A carefully executed application will go hand in hand with the theory of the three C's, Character, Capacity, and Capital. The wisdom of the three C's has proven itself many times over and has become the rule and guide of all credit executives.

A well drawn application, properly checked by the credit bureau, will develop the Character of the customer by determining his or her paying habits. Use every possible angle at the bureau and strain the evidence to clear the facts in order to get at the character of the customer. Determine Capacity by all the facts in regard to his employment, his income, his family dependents, and perhaps any income outside of his employment. Capital is determined by an insight into his bank account, savings or assets of any kind. This information is valuable in case of lawsuit or collection effort.

If credit is extended on an application containing inadequate information, it will cause trouble, because more credit may be extended with no more than an outside chance of collection. It is said that 98 or 99 per cent of the people are honest and will pay. How do we know which customer will fall into the one or two per cent class of people who will not pay?

A carefully taken application will develop sufficient information to make it worth while. Have the customer understand the terms clearly. Take precautions in checking the information in your department and in the credit bureaus. If a credit bureau is not in your vicinity, you may obtain information from other sources, the applicant's place of employment, his bank, neighbors, or other references submitted by the customer. The customer's personal background, general reputation and past business career may be developed from a well-checked application. The asking of questions is a vital part of the transaction so the store must be tactful, however, not hesitant or embarrassed and most customers will cooperate. Checking with the credit bureau develops a far better and complete report than checking with a few references given by the customer.

In the business of granting credit for clothing or other soft goods sold with no repossession feature or conditional sale, extreme care is advisable in opening an account. *Promise* of payment is your only security. All avenues of information enhance in value when dunning becomes necessary. Obtain previous addresses to insure proper identification with bureau reports, employer and length of service, other store accounts, real estate owned, bank accounts, at least two personal references (one of them a relative), and proper identification to insure that the signature is genuine.

Take Nothing For Granted

An account which proves to be a fraud can usually be blamed on improper identification. Have the customer show you that he is definitely the person applying for credit and take nothing for granted. Collection follow-up in the field of clothing and soft goods should be swift and positive. You should have a well-balanced set of collection letters, starting with a gentle tap and continuing stronger until final collection is accomplished. Be relentless to those who ignore you, remembering the best defense is a strong defense.

During a final collection effort, it is wise to consult information contained on the application. How handy it is to find that the account was well opened at the beginning, that there are assets available, bank accounts, property, or other avenues of income. What a ray of sunshine it is to find plenty of references on the card when the customer has become a skip. The references will probably be the chief avenue of information in locating the new address of the customer who has disappeared.

With the best precaution, 99.50 per cent of our balances are collected and 50 per cent would not seem to be too high at any time. It will not take long for that 99.50 per cent collected to dwindle. Do not relax your vigil. Do not take poor applications, check them haphazardly, or in any way take anything for granted. There is no better way to curb your losses than by curbing them at the beginning. Memorize and repeat over and over again the slogan, *An Account Well Opened Is Half Collected At the Start.* ★★★

Protection and Adjustment—Our Friends

Joseph P. Searing, *Credit Manager*, James McCreery Co., New York, N. Y.

FRRIENDSHIP is a mutual understanding developed through mutual or similar experiences, therefore adjustment and protection people; adjustment and protection managers, are indeed our friends.

When our boss finds out that our profit and loss is higher than he had expected, we are apt to hear a little talk on "How do you let these people get so much more than they can pay for or than you can collect?" If our P. & L. is what we think is nice and low, we are likely to hear a little talk on the business we perhaps turned away by being too tight with our control.

If some adjustment manager refuses a preposterous claim and the customer takes an appeal to the president, the adjustment manager will probably hear a talk on good-will. If the same weary adjustment manager takes back a fur coat she is apt to hear another little talk, at least from the buyer, to the effect that it is not always necessary to give the store away.

Uncovering Crooks and Shoplifters

If a protection man, despite diligent surveyance, does not uncover a quota of crooks and shoplifters, he may be suspected of negligence. On the other hand if he rustles up a flock of shoplifters, imposters and dishonest employees, it is liable to be suspected that there is a great deal more of the same thing he has not unearthed.

We can throw brickbats as well as bouquets at these friends of ours. All friendships are not perfect and those between credit and protection and credit and adjustment are no exception. The hindsight of protection people is a marvel to behold. Their reasons why we should not have taken that rubber check are amazingly sound, but they would have taken it themselves if they had been in our shoes. We could reduce our bad checks to zero tomorrow by not accepting any checks. Protection's hindsight pronouncements on identification, be it for bank check or charge taken, are more than a little exasperating at times. The only sure identification is a fingerprint or possibly a dental chart, but when we are trying to strike a happy medium between service and safety we will not always be able to achieve perfection in each.

The only way that protection can justify its existence is by pointing, quite frankly, to its "catches." The need for an adequate credit and collection staff is something taken for granted, but the need for a protection department can more easily be overlooked. When protection can lay on the desk a list of shoplifters they apprehended and the amounts they have stolen, a list of dishonest employees and the damage they have done, they can prove their case, then proceed to develop their well-taken thesis that an ounce of protection is worth a pound of shrinkage. Let them beat their chests if they wish. It is good for them and it certainly does no one harm. If we think that we had a lot more to do with an apprehension than was acknowledged, we still have the right to our opinion. It is just another version of "take the cash and let the credit go."

Making an adjustment of a \$2.98 credit or a \$5.00 allowance can block the collection of a \$600.00 balance. Careless, clumsy, or confused handling of complaints, major or minor, can make the collections, even the retention, of good accounts a much more difficult job than need be. To keep this situation in check in our store we make a monthly listing of all collection accounts on which there are any complaints, and the adjustment department is required to give a report to the treasurer on the status of each.

The semi-monthly bulletins of their association, "The Stores' Mutual Protective Association," give the protection men a flash on the current bad check operators, shoplifters and imposters, which they share with us. The latest bulletin contained data on 17 current, local bad check artists. The thorough work on the part of protection people on cases of known or suspected imposters referred to them gives us a very comfortable feeling to know they are there. There has been more than one case, even on legitimate accounts, in which an alert protection person has observed the customer making an inordinate number of purchases perhaps all below our floor release limit, and thus unbeknown to us, wherein their prompt tip-off forestalled a disastrous loadup.

You all have had unusual cases wherein the direct approach at which the protection profession becomes peculiarly expert, has resolved the matter much more efficiently and effectively than we might have done in our more formal, legalistic way. We are very fond of our Protection Manager, and we consider him the most warm-hearted yet most efficient Protection Manager in the profession.

We like our Adjustment Department too, especially when they faithfully keep our credit department out of the hot water of dunning, or referring or restricting an account in the teeth of a pending adjustment. A credit department could exist, but more hazardously, without a protection affiliate; however, a charge operation would soon go under without an efficient adjustment department to keep our accounts content and open-minded-to-buy.

Happy Three-Way Combinations

Then there are the happy three-way combinations wherein adjustment, credit and protection all play their parts. We had such an example in our store recently. The Credit Department noted an excessive number of returns on a customer's account. A check with the Adjustment Department disclosed further peculiar circumstances such as returning articles by Parcel Post from an address here in Manhattan, and some articles that were not shown as charged on the account. The Protection Department took over and in due course the customer made a very substantial restitution for merchandise deviously obtained from us, and a number of other stores, for over a year.

Adjustment, Credit and Protection are a common bond. *The good performance of one can be a boon to another, and the boners of one a bane to the other two.* ★★★

Good Customer Relations— Declining An Account

W. C. Goodman, *Credit Manager*, Reynolds Penland Co., Dallas, Texas

REMEMBER THE AD slogan of a prominent manufacturer of a dentifrice, or perhaps it was an antiseptic, that admonished, "Even your best friend won't tell you"? It was a success and a definite and timely knowledge of the human and social fact that it is distasteful to tell another of his personal faults, no matter how ignorant that person may be of the offense.

Even so, there is nothing more distasteful to the serious minded credit manager than the necessity for declining an account. By nature, we humans are co-operative and are taught to be helpful. Usually a request for a charge account assumes a reasonable request for accommodation. The average person appears to the credit manager as an honest upright citizen. There is nothing more distasteful to the credit manager than being compelled to decline an account especially since his income depends upon approving charge accounts and not declining them.

Perhaps an account should be declined because of other unpaid accounts; too slow in payment; lack of complete credit information; or lack of experience. Maybe the customer has too many current and active accounts for his income, the position of the applicant is unstable, or income entirely too low. All of the many reasons that make it necessary to decline an account must be assimilated, separated, analyzed and evaluated in the mind of the credit manager. It is well for us to consider ways and means of declining proffered charge accounts.

The Great Creator was good to us. The spoken word is a marvelous thing for humanity in any state of civilization and in all parts of the universe. Words, in any language have certain distinctions, sounds, inflections, etc., that make a certain impression upon the mind and nervous system, which pleases or displeases. Among the beautiful words of our English are *dawn*, *melody*, *evening*, *tranquility*, *lullaby*, and *sunset*; the warmest is said to be *friendship*, and the coldest, NO. Circumstances and conditions change the implication, but not the result. The real meaning and significance remains cold and hard.

In saying NO to a prospective customer or an applicant for a charge account, several things must be considered. Keep in mind that the customer has the right to expect prompt service on the application. An account should never be declined or accepted until every angle affecting the credit standing of the customer is thoroughly checked and all information obtainable through credit sources thoroughly studied. Only in this way can the credit manager be definite and his convictions positive.

The credit manager must be definite in his opinions and intentions. Map out the course of action, look ahead, anticipate the requirements, then counsel the applicant. During the entire operation one should seek reasons to sell, rather than not to sell.

An account can be declined in three ways: by telephone, letter, or in person. The use of the telephone is a difficult method, unless you are trained in telephone conversation, and have a pleasant telephone voice. It opens the way for argument, and leads into saying things that were not intended. It presents a better opportunity for the applicant to take exception to your statements or the information you attempt to convey.

Good letter writers will use their talent to convey sincere regret, or to make a flat declination, with no possible comeback. Personal interview is best because the credit manager has the applicant before him. He can look him in the face and thereby convey thoughts, attitude, and feelings regarding his effort to favor him. When diplomatically handled, this conference can be a friendly discussion of the applicant's credit standing and afford the interviewer an excellent opportunity to educate the individual in establishing, maintaining, or improving his credit standing. An application for charge accommodations must never be ignored. The customer is positively entitled to have a YES or NO on every credit application.

Remember to be courteous and polite in all dealings. The applicant is offering to trade with you, to make purchases from your store, thereby increasing the volume of your business. We earn our livelihood from just such transactions.

How would you react if you were hungry and liked fruit, and some individual offered you an unduly mellow apple? You would refuse it even though you were hungry, but you would take time to thank the individual for his thoughtfulness and explain that you had just had an apple, or would not care for one at the time. In any event, you would be courteous. Discourtesy in such a situation would be unpardonable. Neither will discourtesy pay you in handling business, and especially in declining charge accounts.

The applicants reaction presents a question when his request for credit is refused; he may register deep concern, anger, or indifference. The good will of your potential customer is important. With proper handling, you can develop him into a good credit risk, or at least retain his cash or lay-away business. Courtesy, consideration, and politeness are essential to wholesome customer relations in declining an application for a charge account.

An outstandingly fast-growing bank in my city has been running a series of well written bill-board ads. Recently they displayed the following significant statement: "We have grown because we would rather say 'yes' than 'no'." It is a good slogan to remember when declining an account. ★★★

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.

The Credit Bureau

As an Aid to Profitable Credit Selling

Finance and Tax Division, Office of Small Business, Department of Commerce

CREDIT SELLING is one of the many ways a small business can boost its sales volume. To succeed in the credit field, however, you must select customers who pay bills promptly and in full. In order to get the greatest possible number of good customers, you must learn certain facts about each person who asks for credit. The most important question is "How does the applicant pay his bills?" If he has never had an account, the question is "How well may the applicant be expected to pay his bills?"

Theoretically, you can obtain all the facts you need yourself. You can check the personal references your customer gives you and inquire about his character from friends. Practically, however, this system doesn't work out. Even the poorest credit risk has friends who are willing to vouch for him. More important to you is the fact that you are too busy dealing with the other problems in your business to become a credit investigator.

Your Local Credit Bureau

This business aid is designed to acquaint you with one of the most helpful tools in the field of credit extension—your local credit bureau. A credit bureau is a storehouse of credit facts about the customers in your community. It has as its major purpose the gathering and reporting of all types of information that may affect a person's paying habits. It makes the information it has in its files available to business and professional people for their confidential use in extending credit.

It is a simple matter to obtain credit bureau service for your firm. Call the office and ask for a representative to call on you, or visit the bureau in person. You may be asked to become a member, or to simply pay for reports as they are ordered. In either case, the results are substantially the same. You pay for the number of reports you use.

Many sources are contacted by the bureau to obtain this information. This method is superior to any mere checking of references, for the whole picture, good or bad, is reported. Courthouse records are checked for chattel mortgages, liens, bankruptcies, deeds, etc. Police records are noted, and newspaper items containing vital facts are clipped and placed in the permanent record.

The most important source of information, however, is the users or members of the credit bureau. Each user is required, under the terms of his contract, to give information as to how his customers pay him. This means that by calling the credit bureau, you can secure from a single source all the information you need to extend credit wisely. In addition, you learn the actual experiences that other merchants, both in your city and elsewhere, have had with your prospective customer.

Although the credit bureau manager will explain the specific services his bureau offers, you have a right to expect certain information. This should include:

1. Your customer's residence and moving habits as a measure of his permanency.
2. A verification of your customer's employment.

3. His approximate salary.
4. The number of his dependents.
5. Other merchants' reports as to how your customer actually pays his bills.
6. Other background information.

These reports can be obtained orally over the telephone, or written on a standard form. The nature of your business and the experience of your telephone personnel will determine the type you will require. For small amounts of credit, or a rush report, a simple oral report may be enough. In cases where a large amount of credit is involved or where you require a permanent record filed with the original order, then a written report may best serve your purpose.

One service offered by your local credit bureau can help build sales among newcomers to your community. Through the local office, you can obtain a credit report from many points in the United States within a few days. This service enables you to find out in advance whether a new resident of the community pays his bills promptly. If the report is good, you can go after more of his credit business.

You should decide before you actually join the credit bureau what use you plan to make of its services. Simply being a member of the credit bureau is not enough. If the credit bureau is to be of value to you, you must call it for information. Most credit bureaus offer a membership sign to subscribers. You should display this in a prominent place in your store, preferably near the cash register, so that customers will realize their record will be checked.

The safest method of procedure is to ask for a credit report on each person who asks for credit. It may be that the first purchase "on time" is so trifling that you feel the expense of a credit report is not justified. Remember, however, once accounts are on the books, they have a tendency to grow. If you have a credit report early in your relationship with a new customer, you will not be placed in the embarrassing position of having to refuse a large amount of credit until you have checked his credit record. You may also avoid collection problems.

Rules for Credit Bureau Service

To get the best credit bureau service, there are certain rules you should follow. First, and most important in keeping your bureau up to date, you will be asked to report your credit experience to the bureau. You can be sure that the information you give the credit bureau will be treated confidentially. It will not be disclosed to unauthorized persons or revealed to the person you report on. You do not have to worry about the names you submit being given out as your customers. Credit bureaus do not use the names of stores reporting when they give credit information. Remember that when you report information to the credit bureau, you are helping merchants that provided you with the information you needed.

The Importance of the Credit Manager

Mrs. Lucille Carr, *Credit Manager*, Montgomery Ward, Charlottesville, Va.

IN A BIG METROPOLIS or a small town, our credit problems are the same. Calvin Coolidge once said, "Whether one traces his Americanism back three centuries to the 'Mayflower,' or three years to the steerage, is not half so important as whether, today, he is a real and genuine American, because, no matter on what crafts we came here, we are all now in the same boat." We are in the same boat regarding credit problems.

The credit manager is a middle man, a balancer on a see-saw, so to speak, with the customer on one side and the company on the other. The capital invested must increase itself to pay our salaries, overhead expenses, and interest to those who have invested.

Who is a customer? The customer is the most important person who enters your office. He is not an interruption of your work, but the purpose of it. You are not doing him a favor by serving him, he is doing you a favor by giving you that opportunity. The customer is not a rank outsider to your business, but part of it; a human being with feelings and emotions like your own, with prejudices and biases, even though he may have a deficiency of certain vitamins which you think important. He is not someone to argue or match wits with. No one ever won an argument with a customer. He brings us his desires, and if we have sufficient imagination, and handle things cleverly, it will benefit both of us.

The company stands on the other side of the see-saw. The credit manager, who keeps customers account-happy, is the company. By keeping accounts paid up to date, all adjustments taken care of, and analyzing each one to be sure they are not overloaded, your credit manager is sound-sales-minded.

Easy credit is intoxicating. One taste and you want more. Some customers buy anything, whether they need it or not, if you give them spaced payments. Credit, like some potent drugs, is beneficial when properly used, but dangerously harmful when you take an overdose. Mammy Yokum, of the funny-papers, said, "Ah loves things fo' half-price! That makes 'em bargains irregardless of what they is!" It is hard to realize that our one dollar bill is now worth 33 cents, compared with several years ago.

Customers have faith in their credit managers. Faith

and credit work hand in hand. Many times, your credit manager plays Dorothy Dix and listens to and advises customers about matters that stray far from credit. The credit manager's greatest gift can be an understanding love for mankind as well as the ability to assume the personality of the person he is interviewing. To a great extent, the credit manager is the channel through which customers form their opinion of that store, because of the direct contact made there. If your business were judged by your credit manager, would it be an asset or liability to future sales? Your credit manager is important and must have knowledge of selling as well as credit extension.

The word *credit* represents five qualities which are essential to our business. These qualities are as follows:

C—Courtesy—is good for you, your customer, and business.

R—Respect—to customers from all walks of life. Rejected, but *respected*, customers will reap its reward in cash business.

E—Enthusiasm—is contagious. If you carry the germ, others are bound to catch it.

D—Dignity—Customers like dignified stores. Any transaction can be made with dignity.

I—Interest—In your work and store. Be interested in your customer. Do not be a clock or payday watcher.

T—Tact—There is no reason for dissatisfied customers if this little four-letter word is put to work.

Credit represents faith in mankind. The reasons for the importance of the credit manager are obvious. They train your personnel to handle your credit and collection problems. Senator Byrd recently said, "America's financial soundness is the only hope of the world; without that soundness, there would be no bulwark against Communism, and freedom could not survive here or elsewhere in the world."

Credit managers as well as credit and collection personnel are more important now than at any time in our history. Each can do his part to make this a better world to live in. Customers are simply human beings the same as the credit manager. They both have the same thrills, heartaches, and problems. Credit and collection problems, as well as sales, will prove gratifying when we meet our fellow man halfway. ★★★

Second, you should remember that while the credit bureau has great quantities of information, it requires certain leading facts to locate that information. Make sure that when a customer asks for credit, you get his first and last name, his wife's name, his complete address, his place of employment, and any references he can give. Give this information to the bureau when you request a report. This helps the bureau identify your customer quickly and give you the information you want promptly.

Many credit bureaus operate a collection department. If this is true of the bureau in your community, you will probably want to have one organization handle all your credit problems. There are several advantages

in this arrangement. The collection department of a credit bureau is in a position to point out to debtors the fact that unless prompt payment is made, an unfavorable record will be entered in its files. Then, too, the credit bureau has an opportunity because of its access to credit records to work out a reasonable schedule through which the debtor can pay his bills. Since the credit bureau in most communities is the clearing house of credit activities, it would be wise for you to check the reputation of various collection agencies before you submit any accounts to them.

Wisely used, a credit bureau can be a real aid in reducing your credit losses. *Its possibilities should be investigated if you plan to extend credit.* ★★★

DALLAS Does It . . .

COMpletely revised reports are now being turned out in three to eight hours by the Merchants Retail Credit Association of Dallas. Super-rush inquiries can be compiled in 15 minutes, and file reports are read to the inquiring member as soon as the request is received. This is the result of systematic streamlined efficiency.

Withdrawal of government restrictions on long-term buying brought an increase in credit sales. At that time, the Dallas organization, like many other credit bureaus in our country, was short of experienced help. The managers realized that valuable time of the few trained employees could not be lost for a minute to school newcomers, so the assembly-line system was introduced. First, experienced personnel were given supervisory and administrative positions, relieving them of time-consuming minor details. After breaking these details down into a few simple steps, new employees were able to master them after a few hours of instruction.

This assembly-line system consists of five units, each staffed with a supervisor, an assistant supervisor and a typist-reporter, who are familiar with each phase of compiling a credit report; and two investigators and a typist, who are relatively inexperienced employees. Each unit checks records for a certain section of the alphabet. When a request is received for an up-to-date checkup, the assistant supervisor of the unit takes the record from the master files, prepares it for the investigation by listing all the firms to be called for credit experience, and places a colored tag on the report to indicate the hour it was received by the bureau. This enables us to tell at a glance the exact time required to compile each report.

A multisort is between each step of the system to keep information which has been removed from the master files in alphabetical order, therefore, eliminating the pos-

sibility of lost time in searching for records, out of the master files. The typist receives the record and types a trade clearance slip for each member to be contacted for ledger information. Each trade clearance slip is good for 13 checkups before there is a need for an additional one. These slips are delivered by messenger or given to the trade clearers, who call the stores where the subject has accounts. There are five regularly scheduled messenger deliveries from the bureau to member stores each day.

Assembly—Line Operations

One investigator verifies the employment of the credit applicant and telephones his personal references. When it is necessary to interview the subject for more detailed information, a copy of the inquiry is sent to the interviewing department, where a staff of trained personnel will interview the applicant, providing the bureau has the member's permission to do so. Should there be delay in contacting the individual, the credit report is not held up but sent on to the store and the interview is supplemented as additional information. The supervisor reviews the material, examining it for possible errors or lack of sufficient information. Afterward she puts the record in her unit control where all information for the report is received and matched with the master record. When all trade slips are returned from the stores, or when enough information has been received to pass on the credit application, the record is placed in a multisort for the typist-reporter. She then types the finished report on a special *Factbilt* form, which is a continuous form with one time carbon and is similar to the standard form used by members of the Associated Credit Bureaus of America. If the report is to be given orally, the supervisor, or her assistant, telephones the information to the inquiring store.

The Dallas bureau, which was founded by the late James Edward Chilton, Sr., is in its fifty-first year of business. It was among the first retail credit bureaus organized in Texas as well as the United States. The present general manager is J. E. R. Chilton, Jr., who joined the firm in 1916. Howard G. Chilton, production manager, became a member of the organization in 1926, and has largely been responsible for the recent progress of the bureau.

Due to splendid cooperation of local members and efficient streamlining of its systems, the Merchants' Retail Credit Association of Dallas completed credit reports during the Easter rush 14 times faster than it did at Christmas time. Formerly, several days were required to complete a credit report, but now it can be revised within three to eight hours. Our efficiency, cooperation and promptness have attracted the interest of other credit bureaus and gained added respect from local merchants. Of the nation's 1,415 members of the A. C. B. of A., our organization ranks fifth in the number of reports produced, and is among the first in promptness.—Barbara Culver, *Publicity Director*, Merchants Retail Credit Association of Dallas, Dallas, Texas. ★★★

MEMBER AN UNUSUAL STICKER



GUARD YOUR CREDIT
AS A SACRED TRUST

THIS MOST UNUSUAL STICKER has been designed for use by members on all printed forms in connection with credit and collections. In addition, they should be used on letterheads of the credit

department and on statements on which a previous month's balance has been brought forward.

THIS STICKER carries the prestige of the National Retail Credit Association and the slogan "Guard Your Credit As a Sacred Trust," is an excellent educational message. Order a supply today.

SHOWN ABOVE actual size, they are printed in the National's colors, bronze blue on gold gummed paper.

Price, \$2.50 per thousand

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Simple as **A B C**

A



Sales person makes out the charge sales slip, dials the proper credit authorizer and submits the necessary information. She then places the slip in the perforator beside the phone.

Call is automatically connected to credit department. Authorizing clerk locates customer's file . . . authorizes credit by simply pressing a button that actuates the perforator on the sales floor. If charge is not in order, authorizer advises how to proceed or refers it to a superior.

B



The entire transaction takes just a few seconds. The Kellogg system provides a tamper-proof record of credit authorization. There is direct connection between all stations and the credit department, but no intercommunication between sales departments.

C



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CREDIT FLASHES

Canadian Women Visit Cleveland

Twenty-one members of the London, Ontario, Canada, Women's Credit Club chartered a plane and visited the Women's Credit Club of Cleveland, Ohio on May 19 to help celebrate the local club's 19th birthday at their annual dinner meeting. Representatives of the Cleveland Club and the Credit Bureau met them at the airport. They were received at the City Hall and Trans-Canada Airlines conducted a sight-seeing trip with luncheon at Monaco's where they were interviewed for radio station WJW. After a visit to the Credit Bureau, they were guests at a dinner meeting held in the Women's City Club. All was not pleasure as one of the visitors collected \$20.00 for her coal company on an account owed by a Cleveland resident. The group expressed their appreciation for a splendid visit and for Cleveland, it was a privilege to entertain them. Shown below is a picture taken on their arrival at the airport. Left to right are: (1) Gordon W. Gray, Assistant Secretary, Credit Bureau of Cleveland, Cleveland, Ohio; (2) Rita Barnes, W. McPhillips, Ltd., London, Ontario, Vice-President of the London Club and Second Vice-President of the Fifth District Clubs; (3) Mrs. Laura Haeflinger, President, Women's Credit Club, Cleveland, Ohio; (4) Foster R. Close, Wm. Taylor Son & Co., Cleveland, Ohio; and (5) Elsie Bohdal, Vice-President, Women's Credit Club, Cleveland, Ohio. A picture of the group was also taken on the steps of the City Hall at which time they were officially welcomed to Cleveland by John Butler, Secretary to Mayor Thomas Burke. Visits of this nature go a long way toward cementing a closer relationship between members in the two countries.

J. Frank Eichelberger in New Position

J. Frank Eichelberger has been recently appointed Executive Controller of The Hub, Baltimore, Md. He has been Credit Manager of that store for many years. He was formerly a director of the National Retail Credit Association and a member of the legislative committee. The N. R. C. A. congratulates him on his well deserved appointment.

Skip-Trace Methods Get Court Clearance

The use of false names and messages via United States mails for skip-tracing purposes has been freed from Post Office interference by the courts. The decision was forthcoming as a result of the case of Leon Lewis, et al., vs. Robert Hannagan, postmaster general. It has been the practice of the Post Office to return the sender's mail marked "fictitious." The court ruled that although the use of false names and messages with intent to secure the recipient's correct address would fall in the unethical category, it was, nevertheless, its opinion that the Post Office may not set itself up as a censor of morals or ethics. The language of the Mail Fraud Statute does not cover the type of mail restrained.—*The Industrial Banker*.

William H. Hoffman

It was a shock to those at the Credit Bureau of Cleveland, Ohio, and the same is true of his many friends who learned that William H. Hoffman passed away at his home in Cleveland, May 11. "Bill" was a fixture in the retail credit world, having spent many years with The Stearns Co. He was a trustee of the Credit Bureau of Cleveland and more recently served as manager of the Charge-Plate Stores of Cleveland. He was also a member of the N. R. C. A.'s Quarter Century Club.



Harry O. Wrenn Retires

Harry O. Wrenn, Omaha, Nebraska, retired from active duties as Credit Manager of the Nebraska Clothing Company. After 21 years of steady uninterrupted service, he reached the goal of many credit executives, which is the privilege of relaxation. Prior to his association with Nebraska Clothing, he was Credit Manager for the Union Outfitting Company, Omaha, for 20 years. Mr. Wrenn is a past president of District Six, N. R. C. A., a former Director of the National Retail Credit Association, and three times President of the Associated Retail Credit Granters of Omaha. He is now an Honorary Life Member of the N. R. C. A.

Richard E. Wharton in New Position

Richard E. Wharton, Hartford, Conn., is the new Credit Manager of Wise-Smith & Co., in that city. He succeeds William Bronkhorst, who resigned to go to the Worth Store in Hartford. Mr. Wharton was formerly Assistant Credit Manager at G. Fox & Co.

Positions Wanted

YOUNG MAN with 12 years' experience in National merchandising organization desires position as credit executive. Thorough knowledge of retail, and mail order credits and collections. Successful record in operating, organizing and directing departments up to 200 employees. Considerable experience in internal control. Location in Baltimore, Md., preferred. Box 681, The CREDIT WORLD.

BUSINESS WOMAN, 18 years' experience in retail and wholesale sporting goods, clothing and athletic goods. Six years present position as credit and office manager in city of 500,000. Prefers West Coast. Box 684, The CREDIT WORLD.

CREDIT MANAGER for department of specialty store, years of experience in promotions, collections and book-keeping. Now employed. Prefers middle west. Box 686, The CREDIT WORLD.

OFFICE AND CREDIT SALES MANAGER. Has wide knowledge of retail furniture store operations; thoroughly experienced in general office administration, accounts receivable and payable, personnel and customer relations, investigations, collections, advertising, etc. Well qualified for top flight position of responsibility. Highest credentials. Age 38. Box 685, The CREDIT WORLD.

Executive with experience in credits, accounting and general office supervision. 14 years in retail shoe store and 6 years with ladies ready to wear store. Age 47, married. Will go anywhere. Box 381, The CREDIT WORLD.

For Sale

CREDIT BUREAU with Collection Department in city of 15,000 in middlewest. Files up to date. Reason for selling, other interests. Box 682, The CREDIT WORLD.

ACTIVE CREDIT BUREAU in Rocky Mountain Region, good business area, no competition. Present owner has other interests. If interested in good location, investigate this. Box 683, The CREDIT WORLD.



Accountants' Writing (The Ronald Press Co., 15 E. 26 St., New York 10, N. Y., 216 pages, \$3.50). This book, by John Mantle Clapp, was suggested by readers of an article which appeared in *The Journal of Accountancy*. A number of accounting firms submitted example letters, memorandums, and reports. Only through study of such material, not often obtainable, can one see just how handling of words, clauses, sentences, and paragraphs bears upon clarity and effectiveness.



The Economics of Instalment Buying (The Ronald Press Co., 15 E. 26 St., New York 10, N. Y., 526 pages, \$6.00). Reavis Cox wrote this book at the request of The Retail Credit Institute of America. He traveled to all parts of the country for data from both friends and foes of instalment buying. It gives an up-to-date description of instalment practices and procedures and a comprehensive analysis of the system's economic and social purposes and consequences. Retail and wholesale distributors of consumer durables, manufacturers, bankers, other financial agencies, credit men, attorneys, public officials, economists, and students, all will find that an effort has been made to describe and discuss the aspects of the subject most important to them. Professor Ralph F. Breyer, University of Pennsylvania, wrote one of the appendices, gave invaluable aid with the statistical materials, and collaborated with the author in the study of consumers' investments in durables.



Bank Credits and Acceptances (The Ronald Press Co., 15 E. 26 St., New York 10, N. Y., 243 pages, \$4.50). International and domestic trade is covered in this third edition by Wilbert Ward, Vice-President, National City Bank of New York, and member of the New York Bar; and Henry Harfield, member of the New York Bar. The turn of the cycle brings us again into a period of exchange instability and credit uncertainty, and this volume brings the record up to date on current terms and concrete form that have previously been recorded.



Money Market Primer (The Ronald Press Co., 15 E. 26 S., New York 10, N. Y., 212 pages, \$3.00). This book by Dean John T. Madden, Professor Marcus Nadler, and Professor Sipa Heller, of the Institute of International Finance, is a study of the institutions and operations of the New York money market. It examines the powers of the monetary authorities and the mechanism of creating bank reserves and deposits, and to analyze and interpret the statements and statistical data published by the Federal Reserve banks, the Treasury and Federal Reserve System, as well as the policies of the monetary authorities, are discussed critically.

Butterfield's

Credit and Collection Letters

● This booklet contains a selection of thirty outstanding letters for credit department use. They are designed for your use with a minimum number of adaptations. Many require only the insertion of your firm name.

● All letters are based on the fundamental fact that friendliness and consideration for the other fellow win his good will and cooperation. You will be able to use these letters in your own business—letters that:

1. Build good will while collecting accounts.
2. Induce cash customers to open accounts.
3. Establish cordial relations with newcomers.
4. Bring inactive accounts back to life.
5. Hold good will while declining credit requests.
6. Win the confidence of new credit patrons.
7. Create customer loyalty by saying "thank you."
8. Develop consumer pride in paying promptly, and
9. Stimulate the use of new charge accounts.

● These thirty effective letters cost you only five cents apiece. Order today.

\$1.50

NATIONAL RETAIL CREDIT ASSOCIATION

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CREDIT SALES In Men's Wear Stores

THE RESEARCH DIVISION recently received the following question from a member, "Will you please secure some up to date figures showing the percentage of credit and cash sales for men's wear stores handling quality merchandise?"

The replies of eleven stores are listed below. It will be noted that a men's store in Rochester, New York, reported a high of 82.00 per cent credit sales, while another in Tulsa, Oklahoma, reported a low of 42.85. The average percentage of credit sales to total sales was 57.29 for all stores reporting, while the average percentage of cash sales to total sales was 42.17.

One store in the southwest sent us their figures on the percentage of credit and cash sales for the past eight years, which are also published below. It will be noted that, in this particular store, credit sales started dropping in 1941 when Regulation W became a law and continued to drop until 1945, when credit sales reached a low of 31.73 per cent, and cash sales reached a high of 68.27 per cent. Even though Regulation W was not discontinued until 1947, credit sales began to rise gradually, and at the end of 1947 was 42.85 per cent. During the first three months of 1948 credit sales averaged 54.61 per cent, only 8.37 below the high of 62.98, which was reached in 1940.

City	State	Per Cent Credit Sales	Per Cent Cash Sales
Boston	Massachusetts	54.00	46.00
Dallas	Texas	65.00	35.00
Des Moines	Iowa	49.10	50.90
Houston	Texas	55.00	45.00
Lincoln	Nebraska	50.20	49.80
Louisville	Kentucky	52.30	47.70
Minneapolis	Minnesota	64.00	36.00
New Orleans	Louisiana	58.70	41.30
Rochester	New York	82.00 (Hi.)	18.00 (Low)
St. Louis	Missouri	57.00	43.00
Tulsa	Oklahoma	42.85 (Low)	57.15 (Hi.)
Average		57.29	42.71

	Per Cent Credit Sales	Per Cent Cash Sales
1940	62.98	37.02
1941	61.17	38.83
1942	50.69	49.31
1943	42.72	57.28
1944	39.92	60.08
1945	31.73	68.27
1946	36.16	63.84
1947	42.85	57.15
1948 (3 mo.)	54.61	45.39

THE RESEARCH DIVISION invites you to send us any special problem on which you wish private information. We will gladly make a special confidential study for you, obtaining the desired information from reliable sources. Other problems of general interest will be published in the *Credit Clinic* section of The CREDIT WORLD.

IMPORTANT STEPS in RETAIL CREDIT OPERATION

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by
Dr. Clyde W. Phelps**

76 Pages

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THIS HANDBOOK was written expressly for credit personnel in the larger departments, and for the many retailers who, burdened with other duties involved in merchandising the store, are also responsible for credit operations. Because of the press of other duties, this important function is often neglected, with resultant slow accounts and eventual bad debts.

HERE ARE the chapter headings:

1. Retail Credit Operation
2. Taking the Application
3. Credit Investigation
4. Opening the Account
5. Understanding of Credit Terms and Credit Policy
6. Setting Up the Account on the Ledger
7. Billing
8. Follow-Up of Accounts Not Paid in Accordance With Terms
9. Developing New Accounts
10. Follow-Up of Inactive Accounts
11. The National Retail Credit Association
12. The Associated Credit Bureaus of America
13. The Road to Profitable Credit

THIS BOOK should be on the desk of every credit granter and in the hands of every credit assistant.

NATIONAL RETAIL CREDIT ASSOCIATION
SHELL BUILDING ST. LOUIS 3, MO.

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218 Shell Building, St. Louis 3, Mo.

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CREDIT DEPARTMENT

Letters

W. H. BUTTERFIELD

DURING THE past two years your editor has received many letters from readers of this department. The letters have come mainly from credit personnel, and most of them have requested answers to specific questions that arise in credit department correspondence.

While all of these inquiries have been answered promptly by mail, several persons have suggested that their questions, accompanied by the answers, would be of equal interest to others engaged in the credit profession.

Accordingly, our columns this month are devoted entirely to questions and answers on credit department letters. The same procedure will be followed in another issue of the CREDIT WORLD later in the year.

1.

Question: Why do so many writers and speakers on letter writing caution against opening the message with: "Your letter of the 17th has been received" or "I have your letter of October 8"? Don't these openings provide a good point of contact by reminding the reader of his letter?

Answer: The chief objection to these openings is that they waste time by stating the obvious. The fact that you are answering the reader's letter of the 17th is ample proof that it has been received. Mention of the earlier letter by its date is desirable, but it should be combined with an element that tells the reader something. He knows, when you mention the date of his letter, that you have received it. Here are a few lead-off sentences that mention the preceding letter without wasting time:

Thank you for your suggestion of October 12, which we shall carry out immediately.

The plan proposed in your letter of May 20 is entirely satisfactory to us.

It is a pleasure to grant your request of September 14.

2.

Question: When a letter is addressed to a firm (let us say, to the *A.B.C. Company*) but marked for the attention of a specific person (for example, *Attention Mr. R. R. White*), should the salutation be *Gentlemen* or *Dear Mr. White*?

Answer: The plural salutation *Gentlemen* is the correct one. The form *Dear Mr. White* should be used only if this person is the addressee designated in the inside (or introductory) address of the letter.

3.

Question: In answering a letter from a woman who has not indicated whether her title is *Miss* or *Mrs.*

(having signed her name merely as *Helen A. Williams*), which title should be used in addressing her?

Answer: Under these circumstances the title *Miss* should be used. Whenever it is impossible to determine whether the title of an addressee is *Miss* or *Mrs.*, the use of *Miss* conforms with standard business practice.

4.

Question: Is the use of a "P.S." considered poor form in letter writing?

Answer: In most types of credit department correspondence, the use of a postscript indicates the omission of some item which should have been included in the letter body. When the content of the "P.S." actually belongs in the letter proper, the postscript is a careless method of completing the message without taking the trouble to rewrite it. In such instances, then, a "P.S." is indicative of slipshod correspondence methods.

Occasionally, however, a postscript is part of the plan of the message. Perhaps it reminds the reader once more of an important date mentioned in the letter. Perhaps it is used to emphasize a significant price figure or some other item already mentioned in the body, but worthy of repetition as the final thought to be left with the reader. When the purpose of a "P.S." is to drive home the point of the preceding message, or to add a persuasive concluding element, the use of this device is justified as good business psychology. The postscript is therefore an accepted practice in sales promotion writing.

5.

Question: I have noticed quite a variation in the form of punctuation after the salutation in business letters. Some writers use a colon, some a semicolon, and some use a colon followed by a dash. A few place a comma after the salutation. Which form of punctuation is correct?

Answer: In a business letter standard usage calls for the use of a colon after the salutation. If the letter is a strictly personal one, or is semi-social in its purpose and content, a comma may be used after the salutation. In no case should a dash or semicolon be used. A few firms are omitting punctuation altogether after the salutation, and also after the complimentary close. This practice, however, is not generally recognized as correct business letter form.

6.

Question: There are two words that worry me every time I use them in writing a letter: *proven* and *anxious*. Are there any objections to the use of these words?

Answer: *Proven* is no longer recognized as good usage. Instead, say: "This product is one of *proved* reliability."

Anxious should be used only when actual anxiety exists, as: "An *anxious* group of relatives awaited news from the operating room." Eager should be used to denote enthusiastic desire, as: "An *eager* crowd congregated in the street to congratulate the winner."

7.

Question: In mentioning the title of a book or article in the body of a letter, should the writer place quotation marks around the title, write it entirely in capital letters, or underscore the words of the title?

Answer: If the title is that of a book or magazine, the best practice is underscoring (the typewritten equivalent of italics) or writing it entirely in capital letters. If the title is that of some part of a book or magazine—that is, a chapter of a book or an article in a magazine—the best practice is to place it in quotation marks.

8.

Question: In a recent letter I closed my message with the following sentence: "Thank you in advance for your assistance." One member of our department criticized this closing sentence as poor form in letter writing. Is this criticism valid? If so, why?

Answer: Yes. An expression of thanks before an act of assistance has been performed is not considered good form in letter writing. Although the sentence avoids the inexcusable participial construction of "Thanking you in advance for your assistance, I am," the previous objection still holds. It would be much better form to conclude the letter with such a statement as "I shall appreciate your assistance," or "Any assistance you can give me will be very much appreciated."

9.

Question: Now and then we receive a letter in which every line (including date line, complimentary close, signature, etc.) begins at the left-hand margin of the page. Is this arrangement desirable?

Answer: In our opinion, no. The one advantage of this practice lies in the fact that the typist can throw the carriage all the way back to the left-hand margin on every line of the letter, and thus save a little time and effort in the typing process. But this advantage is more than outweighed by the lopsided appearance of the finished letter. The message is poorly balanced on the page, with nothing on the right-hand side to equalize the numerous short items on the left-hand side (date line, inside address, salutation, complimentary close, and signature unit).

10.

Question: Is it good letter-writing technique to begin a collection letter with a humorous story?

Answer: This question cannot be answered with an unconditional "yes" or "no." The use of a story or anecdote opening in a collection letter can be effective under certain circumstances, but altogether inappropriate under others.

Do not use a humorous-story approach when the amount of money involved is large enough so that a lack of funds on the part of the customer may be delaying payment. If the debtor is worried about his bill, a facetious attitude on the part of the creditor is almost sure to irritate him.

Assuming that the amount of the indebtedness is small—and that non-payment is probably resulting from mere

oversight—a story or anecdote lead can be used (1) if the story is *brief*, and (2) if it is appropriate (that is, if it illustrates the point of the message). A story must bear a logical relationship to the situation in order to justify its inclusion in the letter. The use of an irrelevant anecdote, merely because it is a good attention getter, is not sound practice. Readers resent having their attention captured by a story which later proves to be irrelevant.

11.

Question: In signing my letters I always use my initials, while my first name appears in the typed signature instead of the two initials. Is there any objection to this method?

Answer: Yes. The name in the penwritten signature should be the same as that which is typed below it. While *Mr. Blank*, for instance, is free to decide whether he prefers to sign his name *A. A. Blank*, *Allen Blank*, or *Allen A. Blank*, the form he decides to use should be used consistently.

12.

Question: One member of this firm maintains that there is never any excuse for a two-page letter—that anyone ought to be able to get his point across on a single sheet of stationery. How do you feel about this?

Answer: In most cases, of course, a single sheet provides adequate space for the letter. One cannot easily imagine why it would be necessary to use two sheets in soliciting accounts, reminding customers of past-due accounts, or promoting the renewed use of inactive accounts.

But there are some occasions when a two-page letter is fully justified. One of the best letters we've seen lately was a "two-pager" declining a customer's unwarranted request for an adjustment. The letter was notable for its courtesy, logic, and persuasiveness. By using two pages its writer achieved a result he could not have accomplished in a single-page message. He presented all the facts in a way that made the customer see the fairness of his decision. In other words, he declined the request in a way that kept the reader's good will and patronage. *Such an accomplishment, as we see it, was ample justification for a two-page letter.* ★★★

BINDERS

for The Credit World

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Business Conditions and Outlook

● Volume of Business 8 Per Cent Higher Than a Year Ago ●

THE TOTAL VOLUME of business transactions that are being carried on throughout the country has remained high in spite of widespread interruptions of activity in some industries. The signs of wavering which began to appear in a few regions and in a number of industries have disappeared. The most recent trend has been upward at about the same rate as was taking place during the first months of last year. The demand for goods is still strong as is indicated by retail sales which represent consumer demand and by the large amounts of money being spent by business concerns for expansion and for inventories.

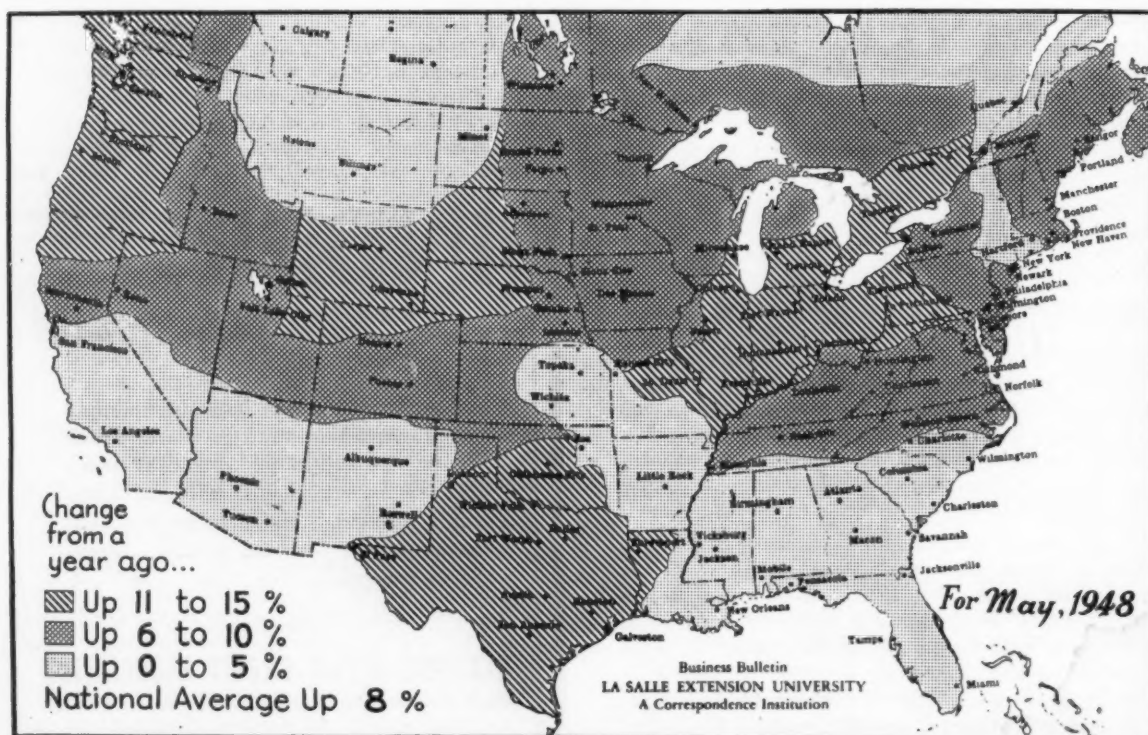
ALTHOUGH BUSINESS in every part of the country is better than it was a year ago, the changes vary considerably in different sections and among different industries. In a few lines of trade and industry, activity is slightly lower than it was a year ago. The general average, however, is about 8 per cent higher. In a large number of places the increases are from 15 to almost 20 per cent and business in most areas continues to have many of the significant characteristics of a boom.

THE MOST IMPORTANT area in which activity is lagging is in the East, especially around New York City and also in much of the South. Business has improved somewhat in the New England states where the rate of activity shows about the same increase over a year ago as the national average. Conditions in that region have been quite stable for many months, with demand holding near to the peak levels. Business has been somewhat adversely affected in the major coal mining areas but the change has not been marked in most places.

IN THE INDUSTRIAL REGIONS around the Great Lakes, business activity has risen a little more than has industrial production. Factory pay rolls are much higher than they have been and the interruptions in employment have not been of major significance. As a result, sales have increased even though prices are higher and very little buyer resistance has yet been indicated. Demand has recently been supplemented by the increased expenditures for military equipment and for goods to be shipped abroad under the European Recovery Program. These factors will be sustaining ones during the next few months and possibly longer.

OTHER AREAS of very good business conditions are in much of the agricultural regions and in Texas as well as in other parts of the Southwest. Farm income remains high even though prices of some farm products have been reduced. Early crop prospects are favorable and indications are that this year's production may come close to the large amounts raised last year. Retail trade in the rural areas has increased slightly more than it has in other parts of the country.

THE LEVEL OF BUSINESS volume along the Pacific Coast is also high, and current indications are that it will be maintained. Activity in the northern section is somewhat greater than it has been in the southern half. The outlook for the future in this area compares favorably with that of other sections of the country.—BUSINESS BULLETIN, LaSalle Extension University, Chicago, Ill.



LOCAL ASSOCIATION *Activities*



Baltimore, Maryland

At the annual meeting of The Retail Credit Association of Baltimore, Md., which was held at The Lord Baltimore Hotel on February 17, the following officers and directors were elected: President, B. W. Huffman, Mayer's Dept. Store; Vice-President, Chas. E. Merit, Wonder Clothes; Secretary, J. W. Mehling, The Credit Bureau of Baltimore; and Treasurer, Edwin S. Smith, Jr., Becker's. Directors: John J. Lurz, O'Neill & Co.; H. Lee Muse, Consolidated G.E.L. & P. Co.; Mrs. Elsie S. Peed, Stewart & Co.; Samuel M. Trott, Fidelity Trust Co.; Clarence M. Willis, Hutzler Brothers Co.; and Ellis A. Epstein, Kohn & Co.

Helena, Montana

The Helena, Montana, Retail Credit Association held their annual banquet at the Placer Hotel, March 18 and elected the following officers and directors for the coming year: President, Phil J. Miller, Murphy Finance Company; Vice-President, Emil Calmettes, State Nursery and Seed Company; and Secretary-Treasurer, Helen B. Sawyers, Helena Commercial Service. Directors: Norman Winestine, Fligelman's; Neil Livingstone, Livingstone's Shoe Store; Homer Phillips, Phillips Dairy; Walter McManus, Quality Grocery and Market; Forrest Risk, Rogenes; and Burton Felder, First National Bank & Trust Co.

Denver, Colorado

The annual meeting of The Retail Credit Men's Association, Denver, Colorado, was held April 7 at the Cosmopolitan Hotel. The following officers and directors were installed: President, S. R. Trythall, Hallack & Howard Lumber Company; Vice-President, Leroy Rosvall, May Company; Second Vice-President, George Spillane, Beatrice Foods Windsor Farm Dairy; Treasurer, Joseph Loret, Colorado National Bank; and Secretary-Manager, Charles M. Reed. Directors: Dr. Mallory Catlett; Earl Bartow, The Neustetter Company; and Andrew Dyatt, Title Guaranty Company. Charles M. Reed is entering his 29th year of service as Secretary-Manager of the Association which operates the Credit Bureau of Greater Denver.

New York, New York

At the March 16 meeting of the Associated Retail Credit Men of New York, the following officers and directors were installed for 1948: President, Rudolph M. Severa, R. H. Macy & Company; Vice-president, Harry C. Squires, Bloomingdale Bros.; and Secretary, A. B. Buckeridge. Directors: Arthur J. Kramer, Borden's Farm Products Company; James M. Malloy, Abraham & Straus; Howard B. Jackson, Industrial Bank of Commerce; Fred W. Dronhoefer, Franklin

Simon & Company; Joseph P. Searing, James McCreery & Company; Charles F. Naumann, Frederick Loeser & Company; and Cyrus N. Child, Bonwit Teller. Mr. Severa assumes the unique position in heading an organization for which he formerly worked as an employee. In September, 1921 he became an employee of the Credit Bureau in a clerical capacity. His talents were recognized and he was promoted to Assistant Manager. On October 12, 1939, he left the Bureau to accept the position as Cash-Time Manager of R. H. Macy & Company. He has been on numerous committees of the National Retail Credit Association, and is, at present, a Director at Large for that Association.

Wisconsin Credit Men Meet

The Wisconsin Retail Credit Association held its annual convention in Milwaukee, April 10-12. The program was well attended. Speakers delivered messages on what is new in credit, and a panel discussion, made up of ten questions covering every type of business, proved enlightening. The group in attendance included representatives from the Associated Credit Bureaus of Wisconsin and the Credit Women's Breakfast Clubs. The new officers of the Retail Credit Association are: President, Eugene Lecher, Boston Store, Milwaukee; First Vice-President, Abe Hoffman, Winkelman's Dept. Store, Wausau; Second Vice-President, Henry Zeutzius, Baums Dept. Store, Green Bay; and Secretary-Treasurer, Norman B. Critser, Credit Bureau of Madison.

Poughkeepsie, New York

The first annual installation meeting of the Retail Credit Association of Poughkeepsie and Dutchess County, Poughkeepsie, New York, was held recently at the Hotel Campbell. The constitution and by-laws were adopted and officers and directors are: President, Fred J. Diesing, The Wallace Company; Vice-President, Edwin Roth, Luckey Platt & Company; Secretary, Kenneth W. Boynton, Credit Bureau of Poughkeepsie; and Treasurer, Raymond H. Nielson, Reick's Jewelers. Directors: Ernest A. Andrews, J. E. Andrews Hardware Company; Donald P. Love, Mid-Hudson Oil Company; Charles T. Overdorf, Millard Lumber Company; Charles C. Robertson, First National Bank & Trust Company of Poughkeepsie; and Robert J. Taylor, *Poughkeepsie New Yorker*.

*Reading this magazine carefully
and regularly will contribute to
your success as a Credit Executive*

Collection Scoreboard

Compiled by the Research Division

April, 1948

April, 1947

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1948			1947			1948			1947			1948			1947			1948			1947		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	47.4	50.8	45.9	47.6	52.8	40.3	25.3	35.6	21.0	27.9	33.9	15.8	47.4	50.4	44.1	47.8	51.8	45.8	48.6	49.8	47.4	46.9	53.9	40.0
Birmingham, Ala.	50.8	62.0	44.0	51.9	63.2	45.0	25.7	28.0	22.2	33.6	38.6	29.2	49.1	49.2	49.0	49.6	53.7	47.0	56.9	58.2	55.2	57.5	60.9	53.0
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	64.8	66.8	62.9	67.2	67.5	67.8	22.8	24.6	21.1	—	24.8	—	—	80.1	—	—	89.0	—	71.6	74.7	68.5	81.0	88.6	73.4
Cincinnati, Ohio	56.2	60.0	50.3	57.6	65.2	46.1	18.5	26.0	11.2	24.5	32.1	18.6	60.7	66.7	54.7	59.5	63.0	56.0	56.6	62.1	51.1	61.0	67.8	54.3
Cleveland, Ohio	52.8	57.4	48.7	50.2	64.3	47.0	28.4	30.1	22.4	33.1	38.1	30.8	—	45.5	—	—	47.3	—	64.1	90.2	47.1	77.1	107.6	46.8
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	50.0	54.0	47.1	54.8	60.2	52.8	24.1	27.2	22.9	34.8	41.3	23.8	50.5	54.0	47.1	56.7	60.2	53.1	—	—	—	—	—	—
Des Moines, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	55.3	59.6	50.5	61.4	62.0	54.1	23.5	24.3	18.9	—	—	—	56.1	62.5	49.7	56.0	65.7	46.3	58.8	73.3	46.3	62.0	74.4	46.2
Louisville, Ky.	56.8	67.5	45.7	54.9	66.8	47.5	22.5	24.3	14.7	25.8	38.2	19.4	44.1	47.1	38.7	48.4	50.0	45.8	51.2	60.4	45.4	54.0	58.7	47.2
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	63.4	68.9	58.7	69.9	76.4	59.1	31.8	35.5	28.7	40.4	43.5	37.2	59.5	65.3	53.7	64.7	65.0	64.4	62.8	70.2	52.9	70.7	85.0	62.0
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	50.7	68.6	44.6	49.6	70.7	36.7	23.9	26.5	21.3	24.5	24.9	24.0	—	46.7	—	46.7	49.0	28.9	57.9	63.7	52.0	57.7	64.4	51.0
Oakland, Calif.	56.2	60.9	52.9	60.2	64.6	55.5	23.6	28.3	21.8	29.4	56.6	25.8	—	55.2	—	52.6	56.9	48.4	58.1	62.6	38.0	61.7	67.4	41.0
Omaha, Neb.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	49.3	61.6	45.0	53.9	62.2	50.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	54.3	57.4	50.6	60.8	63.4	59.0	26.6	31.4	21.8	38.9	46.9	28.6	52.9	55.8	50.0	57.7	58.5	57.0	53.7	55.4	52.6	59.2	67.9	51.7
Salt Lake City, Utah	70.2	77.2	60.8	79.0	84.2	74.0	31.4	35.5	27.4	36.5	42.5	31.4	—	—	—	66.8	70.4	63.2	56.4	60.9	51.9	62.6	70.4	54.9
San Francisco, Calif.*	56.7	65.8	48.1	56.4	65.1	31.8	31.0	39.6	28.3	35.0	46.0	28.6	45.1	51.6	44.7	49.5	53.1	45.9	58.2	61.2	53.8	58.8	69.6	53.1
Santa Barbara, Calif.	62.5	66.2	58.0	60.1	68.5	50.1	—	—	—	—	—	—	57.1	62.4	50.4	67.9	75.3	61.0	68.5	75.0	62.1	71.9	75.0	66.6
Sioux City, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	59.2	64.8	53.6	61.9	66.3	57.4	26.0	27.8	24.1	30.2	32.6	27.7	—	71.5	—	—	72.7	—	—	59.9	—	—	65.9	—
Toledo, Ohio	50.6	53.3	45.5	55.6	56.3	23.8	20.4	48.8	14.8	25.5	29.9	23.1	54.3	61.4	53.0	56.2	63.8	56.0	46.9	47.9	46.0	44.7	47.4	42.1
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	48.6	56.5	45.1	46.6	52.8	36.6	22.5	25.7	17.8	23.1	26.3	19.5	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	55.2	58.2	51.7	55.8	62.4	54.1	24.4	39.5	20.1	25.7	50.3	23.2	44.3	50.3	38.4	52.6	61.0	44.2	—	50.3	—	—	61.0	—
Youngstown, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	47.3	71.0	28.8	54.1	76.6	51.2	19.7	41.3	12.5	33.4	65.8	22.3	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	69.4	73.3	65.5	67.2	69.7	64.7	31.4	34.7	28.1	33.4	40.1	26.8	—	—	—	—	—	—	—	—	—	—	—	—

* March figures; received too late for May CREDIT WORLD.

INSTALLMENT ACCOUNTS outstanding at department stores showed a small increase in March, and at the end of the month were 70 per cent higher than a year earlier. Collections on installment accounts, which generally show a substantial rise in March, were 11 per cent larger than in February. The ratio of collections to accounts outstanding on March 1 was 27 per cent as compared with 23 per cent in February. At the current rate of repayment installment accounts would be outstanding about six and one-half months, more than one month longer than a year earlier. Charge accounts receivable showed less than the usual gain in March, but were nearly one-fifth above the year-ago

level. Even though charge-account collections declined 5 per cent, the March collection ratio rose four points to 53 per cent. The average repayment period for charge accounts outstanding in March was 57 days. The volume of both cash and credit sales at department stores showed a marked expansion in March, due largely to pre-Easter buying. A slight shift from cash to credit purchasing was evident during the month but cash sales still accounted for more than half the total volume. Cash sales were at the March 1947 level. Year-to-year gain for charge-account sales was 15 per cent.—Federal Reserve Board.

Monthly CREDIT STATISTICS



TOTAL CONSUMER CREDIT outstanding increased nearly 4 per cent in March and is estimated at 13.4 billion dollars. The March rise offset declines registered during January and February and brought the total outstanding balance above the 1947 year-end peak. The 457 million dollar expansion during the month reflected increases in total instalment credit outstanding and seasonal gains in charge-account indebtedness. Total instalment credit rose 255 million dollars to around 6.5 billion dollars. More than half of the increase was in instalment sale credit which amounted to nearly 3 billions on March 31. Instalment loans outstanding exceeded 3.5 billion dollars, about a 3 per cent increase during March. On March 31 this segment was approximately 34 per cent above the year earlier total. Instalment credit outstanding on automobile sales showed a considerably larger gain in March than in any month since mid-1947, and at the end of the month amounted to 1,363 million dollars. Increase in other instalment sale credit brought this total to 1,619 millions.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	DEPARTMENT STORES
1941					
December	20	11	12	23	46
1942					
December	31	18	15	30	65
1943					
December	35	22	22	55	63
1944					
December	36	23	39	49	61
1945					
December	36	24	48	46	61
1946					
December	35	26	47	44	54
1947					
January	29	23	47	26	52
June	28	23	46	24	54
December	29	20	39	31	54
1948					
January	24	18	36	19	53
February	23	17	32	17	49
March	27	19	34	17	53

¹Ratio of collections during month to accounts receivable at beginning of month.

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT				SINGLE- PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1941-----	9,899	5,924	3,744	1,942	1,802	2,180	1,601	1,764	610
1942-----	6,485	2,955	1,491	482	1,009	1,404	1,349	1,513	648
1943-----	5,338	1,961	814	175	639	1,147	1,192	1,498	687
1944-----									
June-----	5,168	1,840	706	192	514	1,134	1,242	1,370	716
1945-----									
June-----	5,697	1,987	719	188	531	1,268	1,420	1,544	746
1946-----									
June-----	7,762	2,908	1,035	336	699	1,873	1,697	2,327	830
1947-----									
January-----	9,783	4,061	1,566	581	985	2,495	2,089	2,764	869
June-----	10,992	4,918	2,035	880	1,155	2,883	2,271	2,887	916
December-----	13,385	6,156	2,839	1,151	1,688	3,317	2,697	3,612	920
1948-----									
January-----	13,058	6,186	2,818	1,202	1,616	3,368	2,708	3,240	924
February-----	12,942	6,246	2,843	1,254	1,589	3,403	2,701	3,067	928
March-----	13,396	6,501	2,982	1,363	1,619	3,519	2,691	3,275	932

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTO-MOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
1944						
June	515	138	237	15	44	81
1945						
June	532	151	237	11	49	84
1946						
June	699	210	299	17	63	110
1947						
January	985	337	352	27	114	155
June	1,155	423	395	36	119	182
December	1,688	650	528	52	192	266
1948						
January	1,616	632	502	52	176	254
February	1,589	624	492	52	172	250
March	1,619	650	495	53	166	255

DEPARTMENT STORE SALES BY TYPE

(Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—December	53	6	41
1942—December	61	5	34
1943—December	65	4	31
1944—December	64	4	32
1945—December	64	4	32
1946—December	57	5	38
1947—January	57	6	37
June	55	6	39
December	54	7	39
1948—January	54	7	39
February	53	7	40
March	51	8	41

Granting Credit in Canada

C. B. FLEMINGTON . . Canadian Correspondent

CREDIT OBSERVATIONS on a Tour of the West Coast of the U.S.A.

George Kostman, Office Manager, Famous Cloak & Suit Co., Ltd., Vancouver, B. C.

(Continued from the May CREDIT WORLD.)

On budget accounts a payment receipt book served to advantage. The customer on opening her account was given a book with several receipts. At the back of the book was a ledger in which the customer recorded the amount of each payment. When the customer brought the book into the store to make payment the cashier entered it into the ledger herself, but did not verify the balance.

In one operation the pass book system was used, and here it was not necessary to issue receipts to the customer except when the pass book was not brought in. When the book is brought in at a later date, it must be posted up to date on the machine, a rather lengthy operation. However, as mentioned in another section, the tendency is to consolidate all work on one type of machine so that operators can be readily interchanged during peak periods.

Collection Follow-up

Numerous methods of collection follow-up were found in operation. In some stores, budgets were handled one way and monthly charges another. For some operations there was no fixed follow-up, and in one operation there was a follow-up only if the account became delinquent.

Generally speaking, the underlying principles were quite similar, that is, forms or letters, then telephone, and outside collectors. One problem outweighing all others seemed to be the difficulty in effecting co-ordination between the authorizing section and the collection department. In Cycle Billing where the filing clerks completed the preliminary follow-up, co-ordination appeared somewhat better.

In one large operation, it was suggested that the back of the original history card be used as a delinquent collection record. Although this was not in operation, it did seem rather a good idea. Delinquent accounts were not generally segregated from the main body of accounts. However, with careful signalling, it was possible for the collection operator to pick out the delinquent accounts with ease.

Lay-Away Merchandise

The terms on lay-away merchandise were generally quite rigidly enforced. Some stores did not have any lay-away plan, but encouraged contracts with low down payment and long terms. In some stores where lay-away was allowed, the deposit required on soft goods was 10 per cent and a holding period of only fifteen days. The reason given was that although the credit department was a service expense, depreciation on merchandise was a direct loss to the sales department.

New Accounts

The trend in Cycle Billing systems has been to file the credit application with the credit history (ledger transcript). The credit application is then used as the master credit record. Since the customer's signature appears on the application, direct authorizing becomes very effective. This eliminates a problem where several persons in one family purchase jointly.

One of the problems of the new account seemed to be the difficulty in getting the new name and relative information to the accounts section, especially in the instance where the customer was making a down payment prior to the account being approved. Generally it was found where the new account interviewer prepared all the relevant forms, greater efficiency resulted. When the account was approved, quite elaborate notices were mailed, informing the customer of her new account. One of the most attractive forms was in the effect of an engraved invitation.

Filing Systems

In most filing systems, accounts were kept alphabetically. One system in operation, working with tabulating equipment, required a pre-numbered position card for each ten possible names. On this set-up, names were both alphabetical and numerical at the same time.

A satisfactory operation is the sectional number control. In this method every account is not identified by its own number, but rather by a sectional number, each section containing from 10 to 50 accounts in alphabetical order. The breakdown to sections is an alphabetical one, thus, an 800 division alphabetic breakdown would contain 800 section numbers within which every account is filed alphabetically. A missing account can be traced by a register search in that location number. This is an alphabetical system, with most of the advantages of numerical filing. Some of the advantages are:

1. For the customer a three digit number is easy to remember.
2. For the filing clerk sectional filing reduces misfiling.
3. For missing accounts the sectional register is a master key.

Change of Address

In several of the new installations, change of address was handled on a duplicate or triplicate form, one copy to the addressograph department, one to the accounts section and one to the authorizing section. In one store, change-of-address information was telephoned directly

from the sales department when first indicated by the customer.

Floor Audit

Many stores have established a system which provides for sales clerks to register through the cash register every sales check. In this method, sales are automatically accumulated by department and clerk. Therefore, at any given time during the day, and at the close of each day, the total sales are known. At the close of the day each clerk, after accounting for her sales checks, places them in a summary envelope, thus providing a direct control over sales checks used.

The great saving effected by this method is in the sales audit. The work of that office becomes truly an audit function and not a computing function. Some stores, due to the great many registers required, have not changed over, but most stores were keenly interested.

Floor Sort

Floor sort is an operation somewhat similar to floor audit. The installation of this method seemed to be a steppingstone to floor audit. The sales person places her own sales checks in a summary envelope during the day and totals same each night. At the end of each day all sales checks have to be accounted for by the respective sales clerks. Sales checks passed on to the credit department can be accounted for by hold checks which substantiate a missing sales check. Due to the fact that every sales check is pre-accounted for, and totalled, the work in the audit department is not only greatly reduced, but the efficiency somewhat increased.

Cycle Billing

Cycle Billing is a credit method which has come into familiar use in the past twenty-four months. Briefly, the customer's sales checks, credit vouchers, and payment receipts are accumulated until the close of the billing period, and the total vouchers then billed in one operation rather than in several operations throughout the month. Usually billing is divided into twenty billing dates. The great advantage in this method is the complete elimination of peak work periods.

Small Store Credit Accounting

I was greatly impressed by the "new look" which some of the small stores have acquired in an effort to compete, not only in merchandise, but also in customer service, and system efficiency. An excellent small store credit operation, good to about 300 transactions a month (about 200 accounts), can be set-up efficiently and economically. The big saving in this operation is that no regular credit clerk is required during the month. The procedure is as follows:

1. The credit application is prepared by the customer. On the reverse side of the credit application is the account card.

2. The application is numbered in the top right hand corner 10, 20 or 30, which represents the day of the month the customer will make payment. When payment dates are regulated, collection follow-up is greatly simplified.

3. After the charge sales checks have been balanced the following day, the checks are dropped at the front of each respective card. As the receipts are balanced, these, too, are dropped at the front of the respective cards.

4. During the month, immediately following regulated payment date, all the cards of the previous 10 day period are checked. Where payment has not been received, the account is signalled. At the close of each month the charges and payments are extended by the accountant, and a trial balance taken.

5. Since the posting operation is performed only once a month, the possibility of the control being out of balance is negligible.

6. The credit Application or Account Cards are centre punched, and, in order to make certain that all tickets have been posted, it is only necessary to take the cards out in sections. If any tickets remain, the hole will not be clear.

7. By showing the balance on the receipt, as well as any other information such as date of next payment, etc., the passbook can be eliminated, with greater satisfaction to the customer.

8. If so desired, an adding machine with bookkeeping machine carriage will serve the above operation. This machine will also serve for accounts payable, payroll and drafts.

Sales promotion was at its best when the management of a progressive American store decided to promote greater sales in desired localities. Charge accounts were sold to selected groups of customers on a house-to-house basis. The results, both in type of account and amount of business per account appeared exceptional. ★★★

Books

ON BUSINESS LETTER WRITING

By W. H. Butterfield

CREDIT LETTERS THAT WIN FRIENDS (Univ. of Oklahoma Press, Norman, 1944, 98 pp., price \$1.75)

SUCCESSFUL COLLECTION LETTERS (McGraw-Hill, New York, 2nd printing 1946, 250 pp., price \$2.75)

TWELVE WAYS TO WRITE BETTER LETTERS (Univ. of Oklahoma Press, Norman, new edition 1945, 186 pp., price \$2.25)

BANK LETTERS: HOW TO USE THEM IN PUBLIC RELATIONS (The Dahls, Stamford, Conn., 80 pp., price \$2.00)

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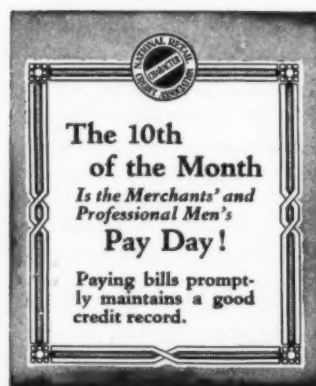
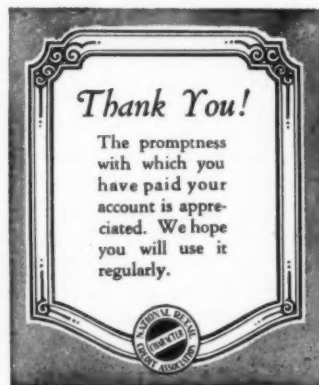
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In The NEWS

LATEST FAMILY spending habits, according to a government report, show that money is divided as follows: food, 31%; rent, 8%; alcohol, 5.4%; tobacco, 2.2%; auto fuel and oil, 2.3%; other nondurable goods, 2.3%; autos, 3.6%; household equipment, 6%; other durable goods, 12%; household service, 4.2%; personal service, 1.9%; recreation, 2.2%; transportation, 2.7%; clothing, 12%; and everything else, 4.2%.

★ ★ ★

REIMPOSITION OF Regulation W is opposed, five to one, by banks throughout the nation, according to a survey made by **FINANCE** magazine. In every state, more banks opposed the regulation than sought its return.

★ ★ ★

ALTHOUGH GOVERNMENT pay rolls more than trebled in the United States from 1913 to 1932 and almost quintupled by 1941, a Twentieth Century Fund survey reports that personnel costs declined from half of total expenditures in 1913 to about 37 per cent in 1932 to 27 per cent in 1941.

★ ★ ★

RECENT FIGURES show that people are adding less to their savings than for several years past. Savings have slumped from a high of 25 per cent of disposable income in 1943-1944 to a current rate of about 6 per cent.

★ ★ ★

INSTALMENT ACCOUNTS receivable in furniture stores showed little change from the end of February, but were 52 per cent greater than on the corresponding date last year. Collections on instalment accounts, which rose one-tenth during March, were 19 per cent of accounts outstanding on the first of the month, two points higher than in February. The average collection period for instalment accounts outstanding in March was approximately nine and one-half months as compared with seven months in March 1947.

★ ★ ★

THE SOUTHERN STATES continue as the most promising section in the nation as a market for consumer goods. The last available statistics show that southern families spent approximately 60 per cent of their income on retail purchasing compared to a national average of 51 per cent.

★ ★ ★

MORE THAN 24,000,000 homes in the United States are cooking with gas. This is 48 per cent rise in 10 years.

★ ★ ★

A TWO-MONTH gain in average purchasing power has ended, and the 'real income' of the American family is about the same as a year ago. This is revealed in the monthly Investors Syndicate survey of real income, which is the relationship between revenue and living costs. Total purchasing power of the population remains high, although shifts have affected the buying power of many families.

★ ★ ★

READERS OF ADVERTISEMENTS in national magazines can now telephone Western Union and find out the name of the local dealer handling the product advertised. This service, provided through the Distribution Council of National Advertisers, Inc., has 2,300 W. U. stations handling lists of local dealers.

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GOVERNMENT cost-of-living experts have calculated that the cost of maintaining a city family of four has risen about \$450 a year since March, 1946.

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CONSUMER INSTALMENT loans held by the principal types of lending institutions increased nearly 4 per cent during the month, reaching an estimated 2,804 million dollars by the end of the month. These balances show a gain of about 32 per cent over the March, 1947 level. The volume of loans made rose substantially during March, as is usual at this time of year. The total, 527 million dollars, exceeded February volume by 28 per cent.

ADVERTISERS ANTICIPATE spending \$750 million on direct advertising this year, according to a survey of Direct Mail Advertising Association members. Of the firms answering, 70.8 per cent said they would increase their budgets for direct mail; 27.8 per cent reported expenditures would be the same as in 1947; and 1.4 per cent said they planned reductions.

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OF 400 CREDIT MEN polled by the New York Credit Men's Association, 77 per cent believed a mild business recession is coming, with the majority guessing it will happen in the last quarter of the year. Only 2 per cent believe that it will be serious enough to be called a depression.

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FIFTEEN CENTS out of every prewar dollar was spent by the American consumer for retail goods, or more than half the retailers' average markup, covered wages and salaries.

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FURNITURE STORE sales increased substantially in March, and were 8 per cent larger than a year earlier. Both cash and charge-account sales reflected seasonal gains, but continued below last year's level. Instalment sales showed a larger rise than is expected in March, and exceeded the year-ago volume by about one-fifth.

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DURING THE NEXT few months Congress will be asked to pass changes to the present tax laws. Trade association groups are asking for special consideration. They want excise taxes eliminated or reduced, transportation taxes cut, and the elimination of double taxation of corporation dividends.

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FEDERAL WORKS AGENCY reports state and local construction contracts may reach \$2,345,000,000 this year.

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INSTALMENT ACCOUNTS outstanding at jewelry stores declined seasonally in March, but continued about three-fifths larger than on the corresponding date last year. Furniture and household appliance store accounts receivable rose slightly during the month, and on March 31 remained considerably above the level of the preceding year. The March collection ratio for jewelry stores was unchanged at 17 per cent. At furniture and household appliance stores the ratios of collections to instalment accounts outstanding on March 1 were 19 and 34 per cent, respectively. The collection percentages of both kinds of outlet rose two points from the seasonal low reached in February.

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PERSONAL INCOME declined to an annual rate of \$207 billion in February from \$211.4 billion in the previous month. Nevertheless, the February level of personal income was higher than in any month in 1947 except September and December. Farm income which fell off because of the break in agricultural prices, was responsible for about two-thirds of the February drop.

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SALES OF CHAIN store and mail order houses continued at a high level during February, with total dollar volume estimated at \$1,871,000,000 for the month, or 12 per cent above February last year. Chain grocery sales in February, after seasonal adjustment, advanced about 1 per cent. Apparel stores showed a 3 per cent gain in sales and variety stores experienced more than the normal seasonal rise, an increase of 6 per cent over January.

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AMERICAN BUSINESS, exclusive of agriculture, expects to spend about \$18.7 billion during 1948 for the construction of new plant and the purchase of new equipment, according to the Securities and Exchange Commission and the Department of Commerce. The report places expenditures during 1947 at \$16.2 billion and during the first quarter of 1948, at \$4.5 billion.

COMMENTS

By the Editor

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The Credit Report And Sound Credit

WITH MANY CHANGES taking place in the credit standing of customers, and the heavy buying of durable merchandise, it is important that all applicants be checked through the Credit Bureau.

Not only is it essential, but it is important that you know the paying habits of the applicant and the total amount owed.

Credit sales continue to mount and the customer should not be permitted to overbuy, or plan payments out of income over too long a period.

To insure prompt Credit Bureau service, see that all inquiries from the Credit Bureau are answered promptly as received, and are not permitted to accumulate. This applies to local as well as out of town reports. The cooperation of all Bureau members in this respect will speed up reporting service. It is an obligation you owe the customer and the credit fraternity.

Credit Bureau reports should be a must. Consistent use of the Bureau pays dividends and eliminates many of the hazards which contribute to unsound credit.

L. A. Howden
General Manager-Treasurer



